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Annual Report of the Superintendent of Insurance to the New York Legislature

Calendar Year 1995

George E. Pataki
Governor

Edward J. Muhl
Superintendent of Insurance

The One Hundred Thirty-Seventh
Annual Report
of the
Superintendent of Insurance

A Report to the New York
State Legislature for the Year
Ending December 31, 1995

NEW YORK STATE
INSURANCE
DEPARTMENT

George E. Pataki
Governor

Edward J. Muhl
Superintendent of Insurance

Data in this report are subject to small table-to-table variations. Such variations are attributable to the fact that data are retrieved at various times throughout the year.

STATE OF NEW YORK
INSURANCE DEPARTMENT
160 WEST BROADWAY
NEW YORK, NEW YORK 10013

GEORGE E. PATAKI
Governor

EDWARD J. MUHL
Superintendent of Insurance

May 15, 1996

To the Legislature:

The Annual Report of the Superintendent of Insurance for the year ending December 31, 1995 is herewith submitted in accordance with Section 206 of the Insurance Law.

Respectfully submitted,

Edward J. Muhl
Superintendent of Insurance

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N.Y.S.I.D. 1995 HIGHLIGHTS

JANUARY	Edward J. Muhl assumes office as Acting Superintendent of Insurance; Governor Pataki issues moratorium on new rules and regulations
FEBRUARY	Muhl unanimously confirmed by State Senate; Gregory Serio appointed First Deputy & General Counsel; Department undertakes regulatory review
MARCH	Superintendent scales back Empire BC/BS rate request; New "multi-tiering" automobile insurance initiative announced
APRIL	Scott Harrison appointed Deputy Superintendent; Department begins approvals for producer continuing education courses
MAY	Superintendent announces Department reorganization; Prudential fined record $5 million; William Gibson named Deputy Superintendent; Lloyd's of London examination report issued
JUNE	Gov. Pataki proposes HMOs offer drug coverage and point-of-service option; Dept. seeks new approaches to coastal homeowners problems
JULY	Gov. Pataki & Supt. Muhl announce 5% decrease in workers' comp. rates; Laurence LaPointe appointed Frauds Bureau Director
AUGUST	Gov. Pataki signs landmark HMO bill; Dept. licenses nation-wide catastrophe risk exchange; Queens-based auto fraud ring broken up
SEPTEMBER	Dept. addresses homeowners concerns at Long Island town meeting; Empire BC/BS market conduct exam released
OCTOBER	Fifth Amendment to Reg. 64 promulgated; Hearing held on alternative compensation plans for life agents
NOVEMBER	United Community Insurance Co. placed in liquidation; Muhl honored by College of Insurance
DECEMBER	HMOs prepare to offer new point-of-service coverage; Auto insurers gear up for 1/96 increase in minimum liability limits to 25/50/10

II MAJOR DEVELOPMENTS

1995

1. New Faces

Governor Pataki

January 1995 brought a new administration to Albany and to the Insurance Department. In December 1994, even before he took office, then-Governor-elect George E. Pataki named Edward J. Muhl, a former Maryland Insurance Commissioner and National Association of Insurance Commissioners President, as head of the New York Insurance Department. In addition, Gregory Serio, Chief Counsel to the Senate Standing Committee on Insurance, was appointed the Department's First Deputy Superintendent and General Counsel. Mr. Muhl assumed office as Acting Superintendent on January 18 and was unanimously confirmed by the State Senate on February 14. In subsequent months, Superintendent Muhl rounded out his management team with two additional appointments. The first came on April 17 when he named Scott R. Harrison as Deputy Superintendent. Deputy Harrison joined the Department from the law firm of Bayard, Handelman & Murdoch in Wilmington, Delaware and had also served as Deputy Commissioner of the Delaware Insurance Department. Shortly thereafter, William Gibson was also appointed Deputy Superintendent. Mr. Gibson was Continental Insurance Company's Vice President and Director of Government and Public Affairs, and had served as a Deputy Commissioner in the Illinois Insurance Department.

2. Regulatory Reform

Just a few days after assuming office, Governor Pataki issued Executive Order No. 2 which called for a 90-day moratorium on the issuance of new rules and regulations by State agencies and an evaluation of existing regulations to determine which could be modified or rescinded. One of Superintendent Muhl's first acts was to reach out to the insurance community to obtain its appraisal of the Department's existing regulatory structure. The industry's responses were used in preparing the Department's evaluation of existing regulations which was submitted to Governor Pataki on April 5. That initial evaluation was the first step in an ongoing effort to streamline New York's regulatory process. In December, Governor Pataki and Superintendent Muhl announced the most significant regulatory reform effort in the New York Insurance Department's 135-year history. In all, 24 Department regulations were identified for repeal and another 77 for modification in the months ahead. Through the first quarter of 1996, the Department has repealed Regulations 4, 15, 32, 51, 57, 81, 86 and 137.

Superintendent Muhl

3. *Department Reorganization*

Early in his tenure, Superintendent Muhl announced a reorganization of the Department designed to streamline the agency and produce a greater degree of responsiveness to consumers, the insurance industry and the Legislature. Under the Superintendent's plan, a level of management was eliminated, resulting in a reduction in the number of Deputy Superintendents from seven to four. Moreover, Deputies were given staff functions rather than direct line authority, thus empowering bureau chiefs with additional authority. In addition, similar functions in the Department's operations were combined or eliminated.

As the Superintendent entered his second year in office, he addressed what he termed "operational reform," in order to bring full circle the process that began with regulatory reform. The goal of operational reform is to work smarter than in the past and make the Department's systems more responsive to insurers and consumers. To accomplish this, the Superintendent directed every member of the Department to evaluate each task to determine its usefulness. The Superintendent noted how procedures can accumulate over the years with little or no benefit. The Superintendent's bottom line: Do only those things we really need to do and eliminate the rest. And make better use of technology.

4. *Health Insurance*

a) Reform Legislation

Landmark legislation proposed and signed into law by Governor Pataki in 1995 expands the choices available to New Yorkers who buy health insurance on an individual basis for themselves and their families. Effective January 1, 1996, all health maintenance organizations (HMOs) authorized in New York State are required to offer two new standardized, comprehensive health insurance products containing a full range of benefits, including prescription drugs. In addition, one of the new policies, a point of service plan, allows policyholders to go outside the usual network of HMO providers and choose their own physicians.

The Department distributes a consumers guide to help New Yorkers compare policies offered by HMOs in the individual marketplace. The guide provides a general overview of the standardized plans, as well as a listing of all HMOs offering these policies. Premium rates for these plans are also available from the Insurance Department.

The new law was designed to offer an affordable alternative to Empire Blue Cross/Blue Shield. Prior to its enactment, Empire had been the only company providing comprehensive, major medical coverage to all individuals, but in late 1994 the company stopped offering such products to new customers, thereby creating a sizable pool of customers for the newly authorized HMO products.

b) Empire Blue Cross/Blue Shield

Superintendent Muhl in March scaled back an Empire rate increase request for its 727,000 individual, small group and Medicare supplement community-rated subscribers. The decision limited the average increase to 15.7%, which cut Empire's original request by 28% or $50 million. This decision also capped the highest increase at 21.8%, half of Empire's initial 43% rate request, and capped Medicare supplement increases at 9%. Empire had earlier rejected a recommendation by the Department to develop a managed care program that would offer prescription drug and other benefits.

At the same time the Superintendent demanded the company achieve significant cost savings, become more efficient and enhance its managed care programs. Mr. Muhl instructed the Department's market conduct examination staff to review every aspect of Empire's compliance with laws, rules and regulations, and business practices.

In September, the Department released a detailed Market Conduct Report that concluded that Empire, while making significant progress to address the Department's concerns, still had deficiencies in several key areas. The Report was critical of Empire's claims handling, its prevention and detection of fraud and its underwriting and rating practices. As a result Empire was fined $1.1 million in March 1996 for violations of the Insurance Law.

The $1.1 million represents the largest fine the Department ever levied against a health insurer. The Department examination staff discovered that Empire rejected some claims for certain treatments while paying others, charged unapproved rates to some policyholders, failed to cooperate with the Department's examination, and failed to maintain accurate and complete claims files.

In addition, the Department required Empire to implement several corrective measures, including the hiring of an independent auditing firm to conduct compliance audits for the next three years and advise Empire's Board of Directors whether the company has complied with the measures outlined in the examination and market conduct report.

That same month, the Department approved significant structural changes to Empire, helping to strengthen the company by permitting it to create a wholly owned, for-profit subsidiary. The Department has also granted Empire, a not-for-profit insurer, the authority to operate two for-profit companies, under the umbrella of its newly created for-profit subsidiary. One will be an accident and health insurance company, the other a health maintenance organization. Empire is creating a for-profit subsidiary in order to be in a position to raise capital by selling stock to outside investors.

5. Life Insurance

Department investigations into allegations of improper sales practices and other unethical and illegal conduct that surfaced in 1994 led to a number of fines in 1995.

In May, Prudential Insurance Company of America signed a stipulation and paid a $5 million fine for violations of the Insurance Law. The violations, which occurred between 1982 and 1994, included paying compensation to unlicensed agents, paying compensation to licensed agents that failed to comply with certain reporting requirements and using policy and certificate forms that were not approved by the Department. None of the violations affected a significant number of policyholders' coverages.

The Department also levied a $1 million fine against John Hancock Insurance Company for violations of the Insurance Law that occurred between 1983 and 1994. The violations were related to the company's advertisements, replacements of life insurance policies, use of unapproved policy forms and administration of its agency conferences.

In addition to paying the fines, both companies agreed to revise and refile affected pages of their annual statements, to provide the stipulations to their respective Boards of Directors and to cooperate with the Department should it seek disciplinary action against any present or former agent, or manager or officer with respect to these violations.

6. *Property/Casualty Insurance*

a) Losses Down in 1995

In 1995, the property/casualty industry bounced back from the sizable catastrophe-related losses it suffered the previous year. Net income for New York-licensed property/casualty insurers rose by about 78% between 1994 and 1995, just below the 85% year-to-year increase reported for all U.S. property/casualty insurers.

Meanwhile, the $8.3 billion in covered losses in 1995 posted by all U.S. property/casualty insurers was a far cry from the $17 billion experienced in 1994, the year of the Northridge, California earthquake, but sufficient to make it the third highest catastrophe figure for any year. In New York State, losses incurred dropped by only 8%, perhaps because New York remained relatively unscathed in terms of catastrophic losses in 1994. Premium earned in the State rose by about 2% over the year.

Eighteen named storms, ten of which were hurricanes, contributed to 1995's losses and resulted in a record number of claims filed—2.7 million—across the nation.

b. Coastal Homeowners Insurance

Obtaining affordable homeowners insurance coverage continued to be a problem for residents of New York's coastal areas, particularly on Long Island, as insurers remained skittish about the extent of their exposure in these areas. The Department has taken steps to ensure that meaningful coverage is available for coastal homeowners while at the same time recognizing the risks to insurers.

Prior to 1995, the Department developed criteria to be used by insurers in applying windstorm deductibles and in creating "wrap-around" policies (*i.e.*, policies in which the New York Property Insurance Underwriting Association, a.k.a. the FAIR Plan, would provide the fire and extended coverage of a homeowners policy, while insurers would provide the liability and theft portion). By the close of 1995, the Department had approved wrap-around policies for seven insurers.

In addition, Superintendent Muhl activated the Department's Coastal Market Assistance Program (C-MAP) to accept applications effective April 2, 1996. The C-MAP, a voluntary network of insurers and insurance producers, assists New York homeowners in coastal areas in finding insurance coverage. This Program actually consists of two parts. The first part is the Coastal Market Access Reference Table (C-MART), a listing of insurers that have indicated they are actively writing homeowners coverage in shore communities, subject to their respective underwriting guidelines. Homeowners who cannot obtain coverage through these insurers may then apply to the C-MAP.

Superintendent Muhl met in April with Suffolk County Executive Robert J. Gaffney and other local officials to consider possible solutions to the coastal homeowners problem. And the issue was the subject of a September town meeting in Long Beach. The Department participated in the meeting, sponsored by Assemblyman Harvey Weisenberg (D-Nassau), along with representatives from the New York State Emergency Management Office, the Nassau County Emergency Management Office and the City of Long Beach. The meeting allowed residents to express their concerns, ask questions and learn innovative ways to shield their homes from damages.

The Department maintains a Homeowners Hotline for coastal residents who experience difficulties obtaining homeowners coverage and will have a Long Island regional office up and running by the summer of 1996.

In a related matter, the Department licensed the Catastrophe Risk Exchange, Inc. (CATEX) in the summer of 1995 to operate in New York State. This nation-wide exchange will function similarly to stock and commodity exchanges such as the New York Stock Exchange.

c) Lloyd's of London

The Department issued a Report on Examination of Lloyd's of London in May. The examination was undertaken to determine if the trust funds Lloyd's maintains in New York for its United States business are sufficient to meet its liabilities. Lloyd's operates both as an excess line writer and an accredited reinsurer in New York State. The trust funds, maintained in Citibank, NY, are subject to the regulatory oversight of the New York Insurance Department.

The Report concluded that Lloyd's did not meet the requirements of either Regulation 20 (which governs credit for reinsurance from unlicensed insurers) or Regulation 41 (which governs excess line placements). Each regulation requires Lloyd's to maintain in its New York-based trust funds assets that match dollar-for-dollar the organization's U.S. liabilities plus $100 million. The Report also concluded that the trust funds were deficient on a net basis in excess of $7 billion.

After several meetings with Lloyd's representatives, Superintendent Muhl worked out an agreement through which Lloyd's will be in compliance with New York regulations. The Chairman of Lloyd's pledged to the Department that the organization would meet all its past and future U.S. obligations. Specifically, Lloyd's agreed to immediately transfer an additional $500 million into the Central Fund United States Trust for the benefit of U.S. policyholders. Lloyd's also agreed to create two new trust funds in New York (one for excess line business and another for reinsurance). All future Lloyd's United States *situs* business liabilities will be fully funded gross of reinsurance by assets on a dollar-for-dollar basis in full compliance with Department regulations. In addition, Lloyd's will maintain the existing $200 million in joint and several liability funds which also supports United States obligation.

In March 1996, the Superintendent lent his support to efforts by the California Insurance Department to ensure that Lloyd's trust funds continue to pay U.S. claims. The Superintendent believes it is paramount that the trust funds remain unencumbered and U.S. policyholders remain protected while various parties pursue legal action against Lloyd's.

d) Workers' Compensation

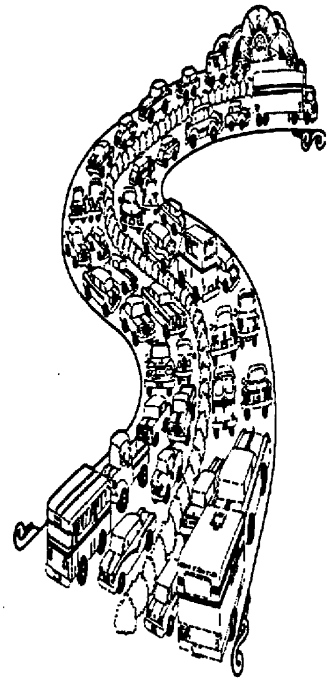
The Superintendent approved a 5% ***decrease*** in workers' compensation insurance rates effective October 1, 1995, the second consecutive year of decreases for this coverage. The Department had approved a 1.7% reduction effective October 1, 1994.

The decrease was larger than the 2.8% reduction originally requested by the New York Workers' Compensation Insurance Rating Board (NYCIRB). An 8.4% reduction due to improving loss experience, medical fee schedule changes and other elements, together with a 3.7% increase due to higher mandated assessments, accounted for the 5% decrease.

e) Auto Insurance

1) Minimum Limits Increase-- Legislation enacted in 1995 increased the minimum limits of auto insurance coverage required by law, the first such increase since 1957. Effective January 1, 1996, drivers must carry a minimum of $25,000 per person/$50,000 per accident for bodily injury and uninsured motorists liability and $10,000 for property damage. Previously, the rates were $10,000/$20,000/$5,000.

Over 90% (or 4.5 million) of the 5.5 million insured drivers in the voluntary market have policies that equal or exceed the new $25/$50/$10 limits.



2) Multi-tiering-- A bill signed into law by Governor Pataki allows auto insurers to incorporate a multi-tier rate structure for private passenger automobile insurance, establishing more than one rate level within the same company. The tier structure must encourage depopulation of the Assigned Risk Plan, be based upon mutually exclusive underwriting rules per tier, and conform to Department regulations.

This tier structure allows auto insurers to insure not only good drivers but also those who—although relatively good risks—might otherwise fall into the Assigned Risk Plan. Under the legislation, insurers could also offer a "preferred tier" that provides premium savings to the best drivers. In addition, with multi-tiers in place, companies can begin moving their Assigned Risk policyholders out of the Plan and into the voluntary market through one of their tiers.

A side advantage is that insurers can expand their markets by writing diversified risks without the expense associated with forming a new subsidiary for each level of risk as was previously necessary. Under this new law, however, an insurer must still limit its nonrenewals to 2% of its book of business. Moreover, insurers are limited to an additional 3% of policies that they may move to a higher-rated (more expensive) tier.

Policyholders who do not wish to remain with the company at a higher tier must be counted toward the 2% limit on nonrenewals. There is no limit on the number of policies that can be moved to a lower-rated tier.

3) Private Passenger Flex-rating-- As a result of a bill signed into law by Governor Pataki, private passenger auto insurers no longer need the Department's prior approval for relatively small rate changes (±7%). Such changes are now filed with the Department for review, but can be introduced into the marketplace immediately. This allows insurers to be more responsive to changing market conditions. By the close of 1995, insurers had submitted 11 such filings to the Department.

4) Regulation 64-- Following a public hearing in September, the Superintendent promulgated the Fifth Amendment to Regulation 64 effective November 8, 1996. Regulation 64 protects consumers from unfair motor vehicle claims settlements. The Fifth Amendment allows insurers making cash settlements on total losses to use sophisticated computerized data bases to obtain valid fair market values. The data bases provide an alternative method for determining motor vehicle retail values.

In addition, the Amendment provides policyholders, for the first time, with a right of recourse to help them settle claim disputes or renegotiate claim settlements with their insurers. Specifically, policyholders may exercise this right of recourse if the amount offered by an insurer in a claim settlement is not sufficient to purchase a comparable vehicle. The Amendment also updates the depreciation schedule based on actual prices of vehicles to provide more accurate mileage deductions for claims involving relatively new vehicles.

7. *Other Issues*

a) Producer Continuing Education

The Department's continuing education requirements for brokers and agents kicked into gear in 1995. The continuing education law provides that during each full biennial licensing period each person licensed as an individual or as a sublicensee of a Corporation, Partnership or Limited Liability Company must satisfy continuing education requirements. Hundreds of courses have already been approved by the Department (a complete listing is available through our Licensing Services Unit in Albany). Continuing education ensures that the professionals who serve New York consumers stay current with a rapidly changing insurance marketplace.

b) Economic Development/Corporate Outreach

Right from the start, economic development was a key objective of the Pataki administration. For the first time, the Department has its own economic development liaison team--Ken Parker and Alice Rodd O'Rourke--who work with the Superintendent, First Deputy and Department staff to promote New York State to the insurance community. In 1995, the Superintendent and First Deputy undertook a vigorous schedule of meetings with insurers from across the State. Meetings were held in Glens Falls, Binghamton, Utica, Syracuse, Long Island and New York City. The ultimate goal is to demonstrate to insurers, producers and insurance professionals that New York State is a great place to conduct the business of insurance.

III. GENERAL REVIEW OF NEW YORK STATE INSURANCE BUSINESS

A. FINANCIAL CONDITION LIFE BUREAU

1. Licensed Life Companies

There were 139 life insurance companies licensed to transact business in New York State as of December 31, 1995.

Total admitted assets of licensed life insurers amounted to approximately $1.1 trillion at December 31, 1994, a ten-year gain of 124.5%. Bonds totaled $525.7 billion; stocks $35.1 billion; mortgage loans $147.0 billion; real estate $33.8 billion; policy loans $54.6 billion, and short-term holdings $24.9 billion. Other admitted assets totaled $291.9 billion.

2. Domestic Life Companies

Domestic life insurance companies had admitted assets of $400.3 billion at December 31, 1994, an increase of 112.4% since 1984. Insurance in force at December 31, 1994 of $2.5 trillion represents an increase of 73.3% since December 31. 1984.

3. Savings Bank Life Insurance

There were 25 banks issuing savings bank life insurance at the close of 1995. Total ordinary and group life insurance in force at December 31, 1995 amounted to $22.7 billion. Admitted assets totaled $1.2 billion.

4. Organizations Under Financial Condition Life Bureau Supervision

The Financial Condition Life Bureau supervised 441 organizations as of December 31, 1994. These organizations consisted of: 139 licensed life insurance companies--85 domiciled in New York and 54 foreign; 51 fraternal benefit societies--8 domiciled in New York, 42 foreign and 1 United States Branch of a Canadian Society; 25 life insurance departments of New York mutual savings banks; 13 retirement systems--5 private pension funds and 8 governmental systems; 8 governmental variable supplements funds; 99 segregated gift annuity funds; 25 employee welfare funds; 12 viatical settlement funds and 69 accredited reinsurers.

Table 1
ADMITTED ASSETS
Life Insurance Companies Licensed in New York State
Selected Years, 1984-1994
(dollar amounts in billions)

Admitted Assets	1994	1993	1989	1984
Total	$1,113.0	$1,059.0	$819.9	$495.7
Percent increase from 1984	124.5%	113.6%	65.4%	---
Type of asset				
Bonds	$525.7	$493.1	$344.2	$196.4
Stocks	35.1	35.6	28.9	17.7
Mortgage loans	147.0	155.8	191.4	119.0
Real estate	33.8	34.5	22.4	14.0
Policy loans/liens	54.6	46.6	40.3	40.6
Short-term holdings	24.9	19.8	19.5	12.9
Other	291.9	273.6	173.2	95.1

Source: New York State Insurance Department

Table 2
TOTAL LIFE INSURANCE IN FORCE
Life Insurance Companies Licensed in New York State
Selected Years, 1984-1994
(dollar amounts in billions)

Class of Business	1994	1993	1989	1984
Total insurance in force	$6,700.7	$6,494.4	$4,942.8	$3,562.8
Percent increase from 1984	88.1%	82.3%	38.7%	--
Ordinary	$3,415.6	$3,228.1	$2,474.8	$1,781.6
Group	3,203.3	3,190.6	2,378.6	1,703.1
Credit	73.9	67.7	80.9	66.9
Industrial	7.9	8.0	8.5	11.2

Source: New York State Insurance Department

Table 3
SOURCE OF INCOME
Life Insurance Companies Licensed in New York State
Selected Years, 1984-1994
(dollar amounts in millions)

Source of Income	1994		1989		1984	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Total	$239,223.7	100.0%	$198,926.0	100.0%	$110,892.1	100.0%
Premiums, group life	11,644.0	4.9	7,703.4	3.9	5,989.2	5.4
Premiums, group annuities	54,393.3	22.7	49,466.7	24.9	19,361.0	17.5
Premiums, accident & health	30,416.3	12.7	26,770.6	13.5	19,359.7	17.5
Other premiums	68,007.7	28.4	44,966.1	22.6	26,324.0	23.7
Supple-mentary contracts	6,712.7	2.8	4,384.9	2.2	2,254.1	2.0
Net in-vestment income	59,569.4	24.9	57,444.2	28.9	36,353.3	32.8
Other income	8,480.3	3.5	8,190.1	4.1	1,250.8	1.1

Source: New York State Insurance Department

Table 4
LIFE INSURANCE IN FORCE IN THE STATE OF NEW YORK
Life Insurance Companies Licensed in New York State
Selected Years, 1984-1994
(dollar amounts in billions)

Insurance in Force	1994	1993	1989	1984
Total	$803.5	$766.9	$616.0	$397.6
Percent increase from 1984	102.1%	92.9%	54.9%	—
Class of business				
Ordinary	$477.6	$458.5	$339.9	$196.5
Group	317.8	297.7	260.2	187.0
Credit	7.2	9.7	14.9	13.0
Industrial	0.9	1.0	1.0	1.1

Source: New York State Insurance Department

Table 5
DOMESTIC LIFE INSURANCE COMPANIES
Selected Years, 1984-1994
(dollar amounts in billions)

Domestic Life Companies	1994	1993	1989	1984
Admitted assets	$400.3	$385.9	$298.9	$188.5
Percent increase from 1984	112.4%	104.7%	58.6%	—
Insurance in force	$2,523.5	$2,556.7	$1,891.9	$1,456.1
Percent increase from 1984	73.3%	75.6%	29.9	—

Source: New York State Insurance Department

Table 6
SAVINGS BANK LIFE INSURANCE
New York State
Selected Years, 1985-1995
(dollar amounts in millions)

SBLI	1995	1994	1990	1985
Number of issuing banks	25	29	42	51
Ordinary insurance issued during year:				
Policies	13,342	13,087	19,221	38,528
Amount	$353.5	$327.0	$466.5	$881.9
Ordinary insurance in force end of year:				
Policies	420,990	430,243	463,761	493,839
Amount	$5,907.8	$5,930.0	$5,800.1	$5,045.8
Group life insurance in force end of year:				
Amount	$16,836.8	$16,932.6	$12,415.2	$4,647.6
Total admitted assets	$1,154.1	$1,092.8	$889.4	$671.6

Source: New York State Insurance Department

5. Licensed Fraternal Benefit Societies

At the close of 1995, there were 51 fraternal benefit societies licensed to do an insurance business in New York State. Of this number, eight were domestic, 42 were foreign and one was an alien society. In the ten-year period ending December 31, 1994 the admitted assets of licensed societies rose $28.7 billion to a total of $41.2 billion, an increase of 230%. Insurance in force rose $124.8 billion to $206.8 billion, an increase of 152%.

6. Private Retirement Systems

At the close of 1995, five private retirement systems were under the supervision of the Insurance Department.

The five systems, which are private pension funds of certain nonprofit organizations, were made subject to Insurance Department regulation by special legislative enactments. At the end of 1994, the assets of these five private pension funds totaled approximately $65.8 billion.

Table 7
PRIVATE PENSION FUNDS
REGULATED BY INSURANCE DEPARTMENT
Selected Years, 1984-1994
(in millions)

Private Pension Funds	1994	1993	1989	1984
Total admitted assets	$65,821.2	$63,770.7	$41,557.2	$17,619.0
Payments to annuitants and beneficiaries	$2,564.6	$2,193.2	$1,692.4	$629.4

Source: New York State Insurance Department

7. Public Retirement Systems

The eight actuarially funded public retirement systems under the supervision of the Insurance Department at the close of 1994 are governmental systems that provide retirement, death and disability benefits to the employees of New York State and those of its political subdivisions that have elected to provide such benefits for their employees. The aggregate assets of the eight governmental systems as of the end of their respective fiscal years ending in 1994 were approximately $152 billion. During the period from 1984 to 1994, the assets of these retirement systems increased at the compound rate of 11.0% per year.

The governmental retirement systems cover a total of 1.7 million active and retired members. The number of active employees in the public retirement systems in 1994 increased by 3% over its 1984 level, while the number of retired employees increased by 34% in the same period. The significant increase in pensioners, compared with little variation in the work force, points up the need for maintaining adequate actuarial reserves.

The New York City Administrative Code provides for eight nonpension funds known as variable supplements funds. They are financed by the transfer of earnings from the equity portfolios of the New York City Police and Fire Departments' Pension Funds, and the New York City Employees' Retirement System. The variable supplements funds provide retirement benefits in addition to those received from the pension funds, and are under the supervision of the Insurance Department. The assets of the variable supplements funds totaled $1.5 billion as of June 30, 1994, a slight decrease from last year.

As a result of recent legislation the City will guarantee the former variable supplements payments as additional pensions (as a supplement to the regular pensions) on a graduated scale up to $12,000 per annum. This applies to all eligible members of both Police and Fire Departments, as well as the Housing Police and Transit Police, so that at the end of 1994 the variable benefit had been replaced by the series of fixed guaranteed payments.

The Legislature during 1994 enacted about 35 bills directly related to the Public Retirement Systems. Twenty percent of these were special interest bills designed to correct administrative oversights that had adversely affected the pensions of certain individual members. It appears that the enactment of Chapter 437 of the Laws of 1993 has reduced the number of such special interest bills by providing the Retirement Systems with the authority to deal with some of these problems administratively.

Table 8
PUBLIC RETIREMENT SYSTEMS AND PENSION FUNDS
REGULATED BY INSURANCE DEPARTMENT
Selected Years, 1984-1994
(in millions)

	1994	1993	1989	1984
Total admitted assets	$152,433.2	$148,591.4	$104,687.0	$53,864.8
Payments to annuitants and beneficiaries	$7,486.5	$7,086.9	$5,100.6	$3,154.1

Source: New York State Insurance Department

8. Segregated Gift Annuity Funds for Charitable Organizations

Ninety-nine charitable annuity societies held permits under Section 1110 of the Insurance Law at the end of 1995. In return for, or conditioned upon, the receipt of gift funds, such organizations agree to pay an annuity to the donor, or a nominee. These agreements must provide to the issuer, upon the death of the annuitant, a residue equal to at least one-half the original gift or other consideration for such annuity. In the ten-year period ending December 31, 1994, admitted assets of these funds increased by 211.1% and the annual payments increased by 280.5%.

Table 9
SEGREGATED GIFT ANNUITY FUNDS
Selected Years, 1984-1994
(in millions)

	1994	1993	1989	1984
Total admitted assets	$363.1	$328.5	$155.0	$116.7
Annual payments to annuitants	$31.2	$24.7	$13.2	$8.2

Source: New York State Insurance Department

9. Employee Welfare Funds

Twenty-four employee welfare funds covering 110,198 employees were supervised by the Department at the close of 1994. These funds are jointly administered by management and labor representatives. The employee welfare funds cover government employees for benefits financed by contributions from New York governmental authorities. Government employee welfare funds were not pre-empted by the federal Employee Retirement Income Security Act of 1974 (ERISA).

Contributions to employee welfare funds amounted to $255.2 million in 1994. Benefits paid totaled $235.2 million and included life insurance; medical, surgical and hospital coverage; major medical coverage; optical, dental and prescription drug plans; disability insurance, and legal services. Administrative expenses totaled $12.9 million representing 5.1% of contributions and 5.5% of benefits.

10. Viatical Settlement Companies

Regulation 148 and Article 78 of the Insurance Law became effective as of July 6, 1994 for the purpose of regulating viatical settlement companies and brokers. Thirteen companies applied for a viatical settlement company license before the deadline as described in Regulation 148 and had the authority to continue doing business while their applications were pending review.

As of December 31, 1994, these companies had assets amounting to $65.6 million, primarily in the form of life insurance policies purchased. Costs of purchasing these policies amounted to $58.4 million, which were about 74% of the $79.4 million total face value. These companies, as well as the industry, are expected to grow rapidly in the coming years.

11. Examinations of Insurers Conducted in 1995

Table 10
EXAMINATIONS CONDUCTED BY THE
FINANCIAL CONDITION LIFE BUREAU
1995

	Regularly Scheduled			Other Financial Examinations		
		Initiated				
	Total	In 1995	Prior to 1995	Special	On organization	Increase in capital and other
Life insurance companies	18	17	1	0	0	0
Life insurance departments of mutual savings banks	5	5	0	0	0	0
Fraternal benefit societies	3	3	0	0	0	0
Retirement systems and pension funds	5	5	0	0	0	0
Segregated gift annuity funds of charitable organizations	10	10	0	0	0	0
Welfare funds	16	16	0	0	0	0
Total	57	56	1	0	0	0

12. Auditing of Financial Statements

a. Audit and Analysis

As of December 31, 1995, 379 companies licensed to do business in New York State, as detailed below, were required to file their 1995 Annual Statements for audit and analysis:

Life - New York	85
Life - Other States	54
Accredited Reinsurers	69
Fraternals - New York	8
Fraternals - Other States	42
Fraternals - Canadian, U.S. Branch	1
Charitable Annuities	99
Retirement Systems	21
Total	**379**

In addition to a financial analysis, which includes, but is not limited to, solvency, investment portfolio and reinsurance, the Annual Statements are audited for overall integrity; compliance with NAIC requirements for completing the blank; and compliance with Department statutes, regulations and rules. Questions that arose during the audits of the statements were resolved with the companies.

The Bureau revised the computer crosscheck instructions, used in the audit of the life and accident & health, New York supplement, separate account and fraternal benefit society Annual Statements to reflect changes in the blanks and to meet current needs and requirements. The revised instructions were furnished to the Insurance Regulatory Systems Bureau to enable that Bureau to prepare the crosschecks.

b. New York Supplements to the Annual Statements

New York Supplements to the life and accident & health Annual Statement and the fraternal benefit society Annual Statement were developed for use beginning with the 1986 Annual Statement filing.

The Supplements for 1995 were updated to meet current needs and requirements. Copies of the Supplements were distributed to all life companies and fraternal benefit societies licensed to do business in New York State.

c. Valuations of Securities

In most instances, this Department adheres to rules promulgated by the National Association of Insurance Commissioners in its Book of Valuations of Securities, pertaining to the valuation of bonds and stocks reported in the annual statement.

The bonds reported by all licensed insurers were reviewed to determine amortizability and market value. The accuracy of market values reported for preferred and common stocks listed in the annual statements were verified.

d. Public Inspection of Records

The Bureau provides public access to various Insurance Department documents and insurance-related materials. In 1994, 273 Annual Statements, 94 Quarterly Statements and 20 Reports on Examination were reviewed. Information was also made available from such source materials as the National Association of Insurance Commissioners' Book of Valuations of Securities and Best's Insurance Reports.

13. Real Estate Review

During 1995, the Real Estate Section staff reviewed portions of the real estate and mortgage portfolios of Guardian Life Insurance Company, Teachers Insurance and Annuity Association and New York Life Insurance Company. A special review of the mortgage portfolio of the Workmen's Benefit Fund was also conducted.

Eighteen projects involving the acquisition, alteration and improvements to home office, branch office or medical facilities were recommended for approval in the aggregate of $118,183,893.

14. Actuarial Submissions and Reviews

The Bureau's Actuarial Staff reviews submissions made by licensed life insurance companies to secure the Insurance Department's approval of redistributed commission scales, persistency production bonus plans, expense allowance plans, and other forms of agent compensation. The actuarial staff also follows up allegations that company practices are not in compliance with the law and Department policy.

The actuaries are looking into a number of proposals dealing with nontraditional methods of compensating agents who sell life insurance and annuities. During 1995, the actuaries worked with industry representatives on developing standards for load-based compensation. Through a Circular Letter they were able to liberalize some of the rules regarding the payment of expense allowances for universal life insurance.

The Actuarial Unit reviews Separate Account filings, plans of operation and projections of new companies and companies that merge or change their plan of operations. It also reviews requests for waivers on limits for production and on expense limits under Section 4229. In addition, the actuaries provide ongoing support to the Corporate Regulatory Units in the conduct of audits of the agency operations of nondomestic companies, and follows up on certain examination findings.

15. Agency Operations of Foreign-Licensed Companies

Effective July 1, 1995, the Corporate Regulatory Units of the Financial Condition Life Bureau will conduct examinations of the agency practices of foreign life insurance companies. These agency audits deal primarily with the levels of compensation paid to a company's sales force, such as commissions, expense allowances and training subsidies which are restricted by Section 4228 of the New York Insurance Law.

Domestic insurers are routinely audited for compliance with Section 4228 as part of the regular statutory examinations conducted by the Bureau. The goal of these examinations is to produce a level playing field among domestic life insurers and foreign insurers by assuring that foreign insurers are conducting their agency operations in compliance with New York Insurance Law and Regulations.

16. Financial Indicators

The risk-based capital formula and model act that was adopted by the National Association of Insurance Commissions (NAIC) and the New York Legislature went into effect for the December 31, 1993 annual statement filings.

Because the risk-based capital formula is dynamic, several changes were made to improve it during 1995. New York is a member of the NAIC Life Risk-Based Capital Working Group and representatives from the Financial Condition Life Bureau were present during all of the deliberations undertaken by the NAIC to update and improve the formula.

The risk-based capital levels reported in the 1994 annual statements filed by licensed insurers did not disclose inadequate capitalization by the reporting companies.

17. National Association of Insurance Commissioners (NAIC)

The New York Insurance Department is a member of a number of NAIC Committees and Groups. In 1995 the Financial Condition Life Bureau represented the Insurance Department in the work of the Interest Maintenance Reserve/Asset Valuation Reserve Study Group as chair; the Financial Analysis Research and Development, Model Investment Law, Codification, Invested Assets and the Separate Accounts Working Groups among others.

A representative of the Financial Condition Life Bureau participated in the NAIC Examiner Team Project. The position held by that representative was Project Director. The Examiner Team analyzes the annual statements of those companies that fail a significant number of the Insurance Regulatory Information System (IRIS) ratios to determine what degree of regulatory attention is required.

18. Surplus Notes

Since mutual life insurance companies do not have access to the equity markets, the issuance of surplus notes, pursuant to the provisions of Section 1307 of the Insurance Law, is the only way for a mutual life insurance company to enhance surplus. Statutory accounting rules allow the net proceeds from the sale of such notes to be included as part of the insurer's surplus. The notes are unsecured obligations of the insurer and are subordinate in right of payment to all existing and future indebtedness, policy claims and other creditor claims. All payments of principal and interest on outstanding notes require prior approval of the Superintendent. During 1995 the Financial Condition Life Bureau approved the issuance of surplus notes by the Equitable Life Assurance Society and Metropolitan Life Insurance Company.

B. FINANCIAL CONDITION PROPERTY/CASUALTY BUREAU

1. Entities Under Financial Condition Property/Casualty Bureau Supervision

The Financial Condition Property/Casualty Bureau had regulatory authority over 1,522 insurer and noninsurer entities as of December 31, 1995.

The Bureau regulated 901 insurer entities comprised of:

16 Accident & health insurers;
58 Accredited reinsurers;
20 Advance premium co-operatives;
31 Assessment co-operatives;
11 Financial guaranty insurers;
53 Nonprofit health insurers and health maintenance organizations;*
14 Joint underwriting associations;
7 Medical malpractice insurers;
1 Medical Malpractice Insurance Association;
18 Mortgage guaranty insurers;
2 New York Insurance Exchange members;
1 New York Property Insurance Underwriting Association (FAIR Plan);
649 Property/casualty insurers; and
20 Title insurers

The Bureau oversaw the operation of 43 risk retention groups in 1995. it supervised 258 reinsurance intermediaries, 15 insurer-controlling producers, and 305 managing general agents.

The Financial Condition Property/Casualty Bureau received 37 applications for licensing and five applications for accreditation during 1995. Twenty-nine insurers were newly licensed, including one domestic stock company; one domestic mortgage guaranty and 27 foreign stock insurers. In addition, ten insurers were accredited, including seven stock insurers and three alien insurers. At the close of the year, 11 domestic stock companies and 34 foreign stock companies had license applications pending with the Department. In addition, three applications for accreditation were still outstanding.

The Financial Condition Property/Casualty Bureau also received one application for an accident and health insurance license, one application for an Article 43 health service corporation license, and six applications for Article 44 HMO Certificates of Authority in 1995. One accident and health insurer was licensed as well as two Article 43 insurers and two Article 44 HMO were licensed or certified in 1995. Nine applications are still pending.

Article 47 of the New York Insurance Law, enacted in 1994, permits the formation of municipal cooperative health benefit plans. Seventeen municipal cooperative plan applications were submitted, one was withdrawn and 16 are still pending.

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* These include 16 health, hospital service, medical and dental expense indemnity corporations, four Article 43 of the Insurance Law health maintenance organizations (HMOs) and 33 Article 44 of the Public Health Law HMOs.

2. Property and Casualty Business

Unless otherwise noted, tables and related data for property and casualty business refer to the nation-wide operations of insurers authorized to do business in this State. Data for stock insurers include United States branches of alien insurers. Data for mutual insurers include the State Insurance Fund, the Medical Malpractice Insurance Association and reciprocals. Data for accident and health insurers, financial guaranty insurers, mortgage guaranty insurers, title insurers, co-operative fire insurers, municipal cooperative health benefit plans, and New York Insurance Law Article 43 and Public Health Law Article 44 corporations are summarized separately.

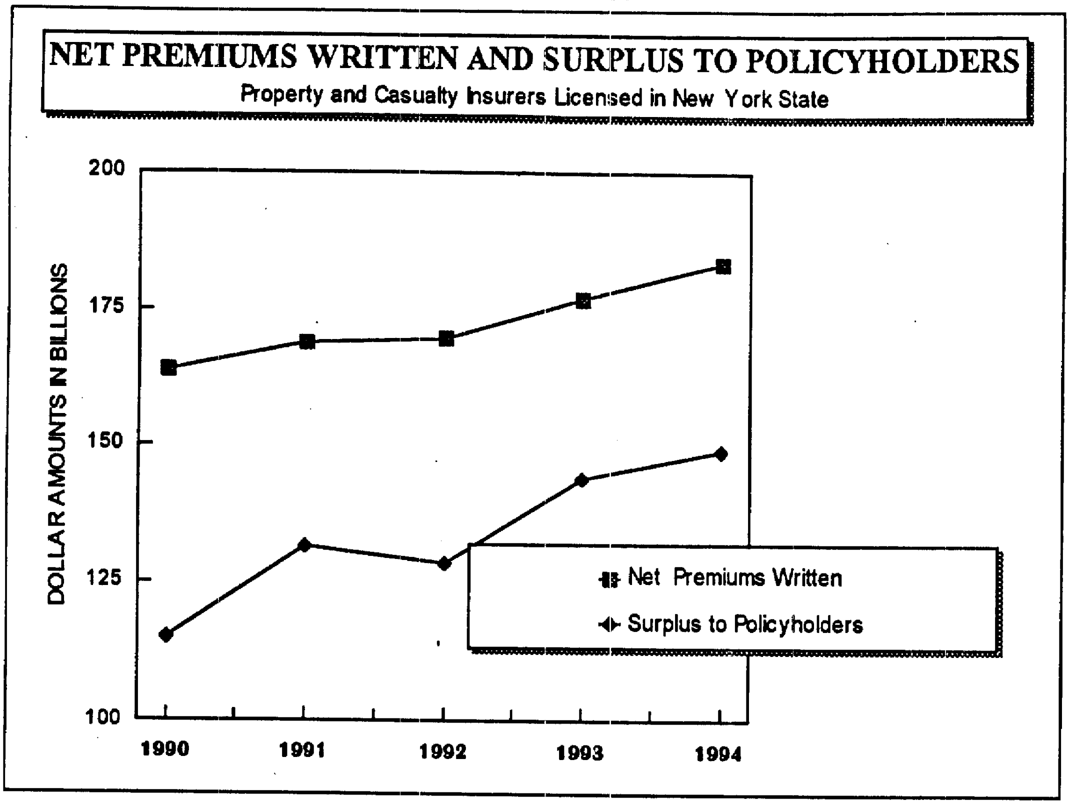
a. Premium Volume and Surplus to Policyholders

Net premiums written during 1994 by all New York-licensed property and casualty insurers aggregated $183,453 million of which 72% represents stock company writings. The following discussion of underwriting and investment results deals with the country-wide business of New York-licensed companies:

Table 11
NET PREMIUMS WRITTEN AND SURPLUS TO POLICYHOLDERS
Property and Casualty Insurers Licensed in New York State
1990-1994
(dollar amounts in millions)

	Stock Companies				Mutual Companies			
Year	No. of Cos.	Net Premiums Written (during year)	Surplus/ Policy-holders (end of year)	Ratio of Premiums to Surplus	No. of Cos.	Net Premiums Written (during year)	Surplus/ Policy-holders (end of year)	Ratio of Premiums to Surplus
1990	506	$118,816	$80,373	1.5	79	$45,026	$34,651	1.3
1991	526	121,434	92,721	1.3	79	47,300	39,104	1.2
1992	531	120,338	90,885	1.3	78	49,460	37,689	1.3
1993	539	126,064	101,796	1.2	79	51,039	42,130	1.2
1994	549	131,404	104,675	1.3	78	52,049	44,051	1.2

Source: New York State Insurance Department



b. Underwriting Results

Results for 1994 show a net underwriting loss of $12,804 million for stock companies and $2,873 million for mutual companies. For 1993, stock companies showed a net underwriting loss of $11,730 million, while mutual companies experienced a net loss of $2,171 million.

Table 12
UNDERWRITING RESULTS
Property and Casualty Insurers Licensed in New York State
1992-1994
(dollar amounts in millions)

		Stock Companies		Mutual Companies	
Year		Number of Companies	Amount	Number of Companies	Amount
1992	Underwriting gains	88	$ 333.9	11	$ 66.4
	Underwriting losses	417	25,411.6	67	5,096.0
	No gain or loss	26	0.0	0	0.0
1993	Underwriting gains	126	$ 830.4	15	$ 363.2
	Underwriting losses	389	12,560.9	64	2,534.5
	No gain or loss	24	0.0	0	0.0
1994	Underwriting gains	128	$ 909.2	20	$ 744.4
	Underwriting losses	401	13,713.1	58	3,617.7
	No gain or loss	20	0.0	0	0.0

Source: New York State Insurance Department

c. Investment Income and Capital Gains

Investment income and net capital gains for stock and mutual companies from 1992 to 1994 are as follows:

Table 13
INVESTMENT INCOME AND CAPITAL GAINS
Property and Casualty Insurers Licensed in New York State
1992-1994
(in millions)

Year		Stock Companies	Mutual Companies
1992	Net investment income	$20,716.8	$ 6,454.4
	Realized capital gains	6,810.7	1,221.2
	Unrealized capital gains	-1,131.3	-2,544.1
	Net gain from investments	$26,396.2	$ 5,131.5
1993	Net investment income	$19,241.8	$ 6,283.6
	Realized capital gains	5,894.9	1,511.5
	Unrealized capital gains	1,937.5	1,249.4
	Net gain from investments	$27,074.2	$ 9,044.5
1994	Net investment income	$19,844.8	$ 6,448.3
	Realized capital gains	840.7	358.2
	Unrealized capital gains	-2,647.1	-808.3
	Net gain from investments	$18,038.4	$ 5,998.2

Source: New York State Insurance Department

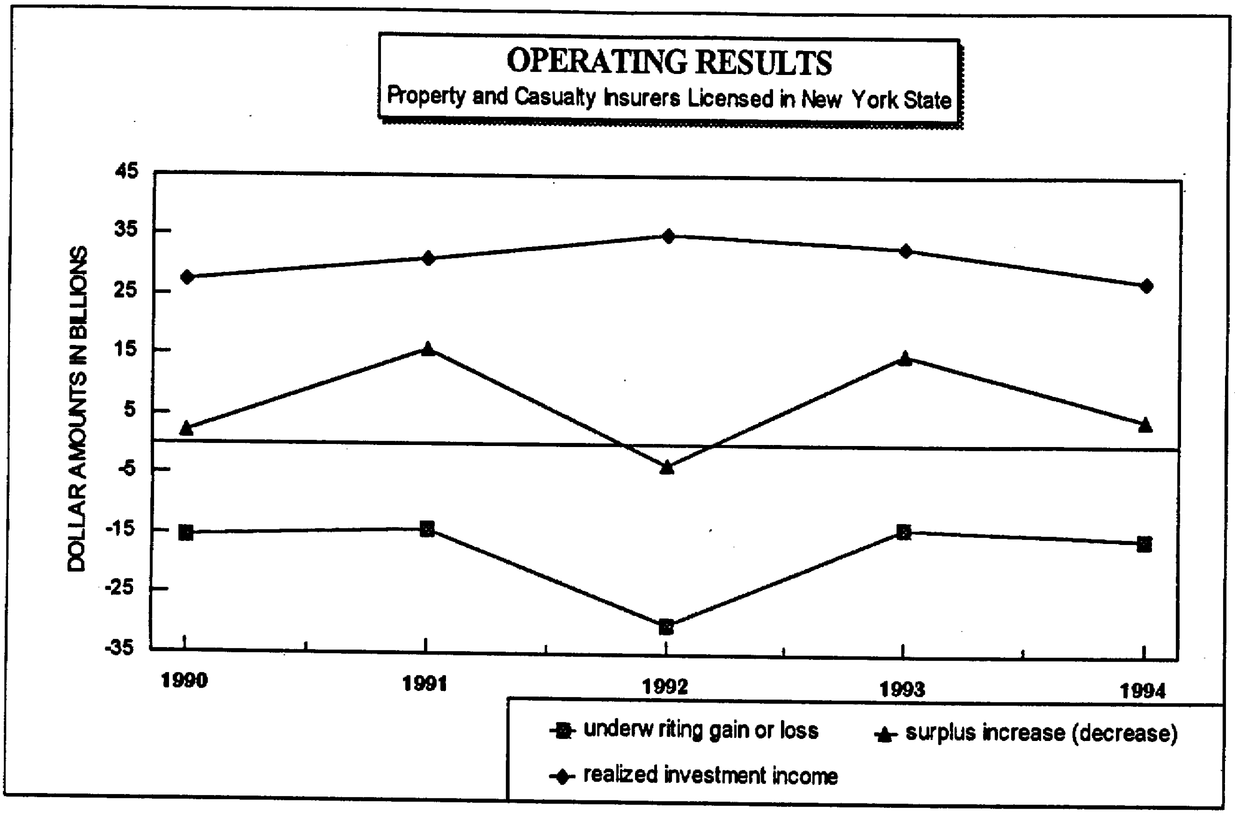
d. Underwriting and Investment Exhibit

During 1994, dividends to stockholders amounted to $5,940 million; for the same period, dividends to policyholders aggregated to $2,282 million. The aggregate contribution to surplus for 1994 was $5,840 million compared with $5,027 million for 1993.

Table 14
AGGREGATE UNDERWRITING AND INVESTMENT EXHIBIT
Property and Casualty Insurers Licensed in New York State
1993 and 1994
(in millions)

	1994		1993	
	Stock Companies	Mutual Companies	Stock Companies	Mutual Companies
Net gain or loss from:				
Underwriting	$-12,803.9	$-2,873.3	$-11,730.5	$-2,171.3
Investments*	20,685.5	6,806.4	25,136.7	7,795.1
Other income	-102.9	41.9	-171.0	274.9
Net gain or loss	$ 7,778.7	$ 3,975.0	$ 13,235.2	$ 5,898.7
Less:				
Dividends to policyholders	956.2	1,325.9	809.2	1,107.4
Federal income taxes incurred	905.2	152.6	1,837.2	995.0
Net income	$ 5,917.3	$ 2,496.5	$ 10,588.8	$ 3,796.3
Surplus changes other than net income:				
Dividends to stockholders				
- Cash	$ -5,852.9	$ 0.0	$ -6,262.6	$ 0.0
- Stock	-87.3	0.0	-69.0	0.0
Net remittance to/from home office	-43.2	0.0	-52.0	0.0
Total dividends and remittance	$ -5,983.4	$ 0.0	$ -6,383.6	$ 0.0
Unrealized capital gains	-2,647.2	-808.3	1,937.5	1,249.4
Changes in statutory over case basis	-303.9	-28.9	-134.2	-5.0
Miscellaneous items	-378.6	192.2	-340.1	-596.3
Contributions to surplus	5,828.1	11.7	5,030.3	-3.8
Total other sources	$ -3,485.0	$ -633.3	$ 109.9	$ 644.3
Net increase or decrease in surplus	$ 2,432.3	$ 1,863.2	$ 10,698.7	$ 4,440.6

*excludes unrealized capital gains
Source: New York State Insurance Department



e. Selected Annual Statement Data

From 1992 to 1994, aggregate net premiums written increased 8%; admitted assets rose 9%; unearned premium and loss reserves increased 7%; and other liabilities increased 5%. Capital and surplus to policyholders increased by 16%.

Table 15
SELECTED ANNUAL STATEMENT DATA
Property and Casualty Insurers Licensed In New York State
1992-1994
(dollar amounts in millions)

	1994	1993	1992
		Stock Companies	
Number of insurers	549	539	531
Net premiums written	$131,404	$126,064	$120,338
Admitted assets	406,112	391,336	374,528
Unearned premium & loss reserves	266,677	256,747	249,720
Other liabilities	34,760	32,793	33,924
Capital	4,244	2,993	2,864
Surplus funds	100,431	98,803	88,021
		Mutual Companies	
Number of insurers	78	79	78
Net premiums written	$52,049	$51,039	$49,460
Admitted assets	139,806	135,716	126,972
Unearned premium & loss reserves	85,410	83,443	80,090
Other liabilities	10,345	10,143	9,194
Surplus to policyholders	44,051	42,130	37,689

Source: New York State Insurance Department

f. Audit and Analysis

The 1994 annual statements of the companies authorized to transact business in the State of New York were filed for audit and analysis in 1995, as were those of reinsurers accredited in this State. Questions arising during the audits were resolved with the companies. As a result of the audits, some filed statements were adjusted to bring reported figures into compliance with New York requirements.

All property/casualty insurers are required to file quarterly statements, which include a loss reserve development schedule. Insurers licensed pursuant to Section 6302 of the New York Insurance Law (NYIL) are also required to file a supplemental schedule of special risks. Approximately 2,400 quarterly statements were received, reviewed for completeness and accuracy, and the financial data analyzed.

g. State Insurance Fund

All purchases and sales of bonds by the State Insurance Fund are subject to the approval of the Superintendent. During 1995, the State Insurance Fund acquired bonds totaling $1,602 million and sales of bonds totaling $687 million.

Upon review, the Financial Condition Property/Casualty Bureau recommended the approval of acquisitions totaling $379 million and sales totaling $276 million. Acquisition of $1,223 million and sales of $411 million in bonds are currently under review. In 1994, the Bureau recommended approval of acquisitions totaling $1,322 million and sales totaling $381 million.

h. CPA-Audited Financial Statements

NYIL Section 307(b) requires licensed insurers to file an annual financial statement, certified by an independent certified public accountant (CPA), on or before May 31 of each year. CPA-audited financial statements were received and reviewed for 722 companies. There were nine companies entitled to exemption from the filing requirements.

i. Public Inspection of Records

The Financial Condition Property/Casualty Bureau provides public access to various Insurance Department documents pursuant to the Freedom of Information Law (FOIL). In 1995, 510 FOIL requests to review and copy records maintained by the Bureau were received from members of the public.

j. Holding Company-Related Transactions

Pursuant to Article 15 of the New York Insurance Law and Department Regulation 52, the Financial Condition Property/Casualty Bureau is responsible for the review and approval of transactions within holding company systems. During 1995, 97 transactions were reviewed and approved by the Bureau. These included, but were not limited to, 45 reinsurance agreements, two management agreements, 15 service agreements, three notice of acquisition of control of insurers, and five requests for sales, purchases or transfers of assets.

3. Accident and Health Insurance

Ten stock and four mutual companies were licensed principally to transact accident and health insurance at year-end 1994.

Table 16
SELECTED ANNUAL STATEMENT DATA
Accident and Health Insurers
1992-1994
(dollar amounts in millions)

	1994	1993	1992
Number of insurers	14	14	17
Net premiums written	$3,201.6	$5,889.4	$3,088.4
Admitted assets	4,671.4	4,394.5	4,079.7
Unearned premium & loss reserves	923.5	916.6	867.6
Other liabilities	2,076.0	1,992.7	1,885.7
Capital	18.6	8.6	10.5
Surplus	1,653.3	1,476.6	1,315.9
Ratio of premiums written to capital and surplus	1.9	4.0	2.3

Source: New York State Insurance Department

4. Financial Guaranty Insurance

New York Insurance Law Article 69 made financial guaranty insurance a separate kind of insurance effective May 14, 1989. Financial guaranty insurance may be written only by an insurer empowered to write financial guaranty business as described in Section 1113(a).

As of December 31, 1995, there were six domestic and five foreign financial guaranty insurers licensed in New York.

Table 17
NET PREMIUMS WRITTEN AND SURPLUS TO POLICYHOLDERS
Financial Guaranty Insurers Licensed in New York State
1992-1994
(dollar amounts in millions)

Year	Net Premiums Written (during year)	Surplus to Policyholders (end of year)	Ratio of Premiums to Surplus
1992	$ 948.1	$3,395.9	0.28
1993	1,174.3	3,925.6	0.30
1994	845.4	4,193.3	0.20

Source: New York State Insurance Department

Table 18
UNDERWRITING RESULTS
Financial Guaranty Insurers Licensed in New York State
1992-1994
(dollar amounts in millions)

	1994 Underwriting		1993 Underwriting		1992 Underwriting	
	Gain	Loss	Gain	Loss	Gain	Loss
No. of Companies	7	5	6	6	6	6
Amount	$227.8	$22.4	$357.1	$76.3	$183.0	$35.6

Source: New York State Insurance Department

Table 19
INVESTMENT INCOME AND CAPITAL GAINS
Financial Guaranty Insurers Licensed in New York State
1992-1994
(in millions)

	1994	1993	1992
Net investment income	$552.8	$538.2	$454.3
Realized capital gains	-5.7	114.5	86.6
Unrealized capital gains	-4.4	-24.9	36.3
Net gain from investments	$542.7	$627.8	$577.2

Source: New York State Insurance Department

Table 20
AGGREGATE UNDERWRITING AND INVESTMENT EXHIBIT
Financial Guaranty Insurers Licensed in New York State
1992-1994
(in millions)

	1994	1993	1992
Net gain or loss from:			
Underwriting	$ 205.4	$ 280.8	$ 147.4
Investments	547.1	653.6	540.9
Other income	4.7	.7	4.9
Net gain or loss	$ 757.2	$ 941.1	$ 693.2
Less:			
Dividends to policyholders	--	-78.0	--
Federal income taxes incurred	155.9	204.8	151.0
Net income	$ 601.3	$ 658.3	$ 542.2
Surplus changes other than net income:			
Dividends to stockholders			
- Cash	$-128.0	$ --	$ -78.0
- Stock	-11.0	-128.0	-88.8
Net remittance to/from home office	--	--	--
Total dividends and remittance	$-139.0	$-128.0	$-166.8
Changes in statutory over case basis	--	--	--
Miscellaneous sources	-205.0	-185.1	-127.3
Contributions to surplus	10.0	184.5	157.9
Total other sources	$-334.0	$-128.6	$-136.2
Net increase or decrease in surplus	$ 267.3	$ 529.7	$ 406.0

Source: New York State Insurance Department

Table 21
SELECTED ANNUAL STATEMENT DATA
Financial Guaranty Insurers Licensed In New York State
1992-1994
(in millions)

	1994	1993	1992
Exposure	$763,318.7	$643,252.7	$581,348.8
Net premiums written	845.4	1,174.3	948.1
Admitted assets	10,267.7	9,436.4	7,994.4
Uneamed premium & loss reserves	4,027.1	3,685.4	3,216.3
Other liabilities	2,047.3	1,825.1	1,382.2
Capital	214.5	203.5	191.0
Surplus funds	3978.8	3,722.1	3,204.9

Source: New York State Insurance Department

5. Mortgage Guaranty Insurance

At year-end 1994, there was one domestic and sixteen foreign companies licensed to transact mortgage guaranty business in New York.

Table 22
SELECTED ANNUAL STATEMENT DATA
Mortgage Guaranty Insurers
1992-1994
(dollar amounts in millions)

	1994	1993	1992
Number of companies	17	13	12
Net premiums written	$1,510.8	$1,412.7	$1,142.5
Assets	6,193.1	5,423.6	4,815.3
Liabilities	4,091.9	3,617.4	3,005.2
Capital and surplus	2,101.3	1,806.2	1,810.1

Source: New York State Insurance Department

Table 23
PERCENT DISTRIBUTION OF ASSETS
Mortgage Guaranty Insurers
1992-1994

	1994	1993	1992
Total	100.0%	100.0%	100.0%
Bonds	74.1	78.6	73.0
Stocks	12.7	12.4	14.0
Mortgage loans	0.1	0.2	0.3
Real estate	0.5	0.5	1.8
Short term	7.1	2.3	3.9
Cash	0.5	0.3	0.1
Premiums and fees receivable	-0.3	-0.4	0.1
Other assets	5.3	6.1	6.8

Source: New York State Insurance Department

6. Title Insurance

Nine domestic and eleven foreign companies were licensed to write title insurance in this State at the close of 1994. The statutory reinsurance reserve of domestic title insurers approximated $71.8 million as of December 31, 1994.

Table 24
SELECTED ANNUAL STATEMENT DATA
Domestic Title Insurance Companies
1992-1994
(dollar amounts in millions)

	1994	1993	1992
Number of Companies	9	9	9
Net premiums written	$294.3	$244.7	$226.8
Admitted assets	224.8	228.2	197.6
Liabilities	112.7	111.1	101.1
Capital	9.0	9.2	8.9
Surplus	103.1	107.9	87.6

Source: New York State Insurance Department

Table 25
PERCENT DISTRIBUTION OF ASSETS
Domestic Title Insurance Companies
1992-1994

	1994	1993	1992
Total	100.0%	100.0%	100.0%
Bonds	66.8	64.0	64.6
Stocks	3.7	4.8	6.4
Mortgage loans	2.2	2.2	3.5
Real estate	2.8	2.6	2.4
Cash	12.1	15.0	8.2
Premiums and fees receivable	3.1	1.8	1.6
Other assets	9.3	9.6	13.3

Source: New York State Insurance Department

7. Advance Premium and Assessment Co-operatives

At year-end 1995, there were 20 advance premium companies and 31 assessment co-operative companies under the Financial Condition Property/Casualty Bureau's supervision. During 1995, examinations of 14 companies were conducted.

The total number of assessment co-operative companies decreased by one during 1994, due to a conversion to advance premium status; the net premium volume of such companies decreased by 3%. During this period, the total number of advance premium companies decreased by one. One assessment cooperative converted to advance premium status and two advance premium companies changed status--one to a stock company, the other to a mutual company. The net premium volume of advance premium companies increased by 2% during this period.

Table 26
SELECTED ANNUAL STATEMENT DATA
Advance Premium and Assessment Co-operative Companies
1992-1994
(dollar amounts in millions)

Year		Total	Advance Premium Companies	Assessment Co-operative Companies
1992	Number of companies	54	20	34
	Total assets	$790.7	$637.1	$153.6
	Net premiums written	409.3	353.7	55.6
	Surplus funds	293.4	200.1	93.3
1993	Number of companies	53	20	33
	Total assets	$834.8	$671.2	$163.6
	Net premiums written	408.6	347.8	60.8
	Surplus funds	307.1	209.7	97.4
1994	Number of companies	51	19	32
	Total assets	$833.8	$678.0	$155.8
	Net premiums written	414.5	355.7	58.8
	Surplus funds	297.3	205.8	91.5

Source: New York State Insurance Department

8. New York Insurance Exchange, Inc.

Effective July 6, 1989, the regulation of the New York Insurance Exchange, Inc. (the Exchange), the NYIE Security Fund, Inc., and the Exchange Underwriting Members was transferred to the Financial Condition Property/Casualty Bureau.

In November 1987, the Exchange Members voted to suspend writing new and renewal business. No business has been written on the Exchange since that time. As of December 31, 1995, six Underwriting Members were in liquidation, one in its domiciliary jurisdiction and five in New York. All but two of the Exchange's Underwriting Members have withdrawn by assumption. The remaining two Underwriting Members have petitioned to withdraw from the Exchange by assumption.

9. Special Risk Insurers (Free Trade Zone)

Calendar year 1995 was the 17th full year of operation for the companies licensed as special risk insurers pursuant to Section 6302 of the Insurance Law. There were 144 licensed companies as of December 31, 1995. Net premiums written during the year amounted to an estimated $364.7 million, bringing the net premiums written since inception to over $3.5 billion. Net premiums written (in millions) since inception are as follows:

1978 - 1990	$1,760.5
1991	306.2
1992	323.5
1993	340.7
1994	355.4
1995	364.7 (estimated)

10. Risk Retention Groups

On October 27, 1986, the Liability Risk Retention Act of 1986, a significant federal statute affecting the insurance industry, was enacted. Generally, the legislation permits the organization and operation of risk retention groups and purchasing groups for the purpose of providing or obtaining commercial liability insurance coverage. The Financial Condition Property/Casualty Bureau regulates risk retention groups. The Property and Casualty Insurance Bureau regulates purchasing groups.

A risk retention group is an insurance company owned by its members and organized for the purpose of assuming and spreading among the members all or a portion of their risk exposure. These insurers are exempt from most state insurance laws, other than those of the domiciliary state.

As of December 31, 1995, 43 risk retention groups had notified the Department of their intention to do business in New York under the provisions of the federal legislation. (An additional 17 risk retention groups filed notices of intent that were subsequently withdrawn. Thirteen other risk retention groups are in liquidation, receivership or dissolution in other states.)

In calendar year 1994, 45 risk retention groups filing financial statements with this Department reported total direct premiums written of $447.9 million and total net premiums written of $178.3 million. These risk retention groups reported direct premiums written of $51.6 million in New York State during this same period.

11. Examinations of Insurers Conducted in 1995

Table 27
EXAMINATIONS CONDUCTED BY THE FINANCIAL CONDITION PROPERTY/CASUALTY BUREAU
1995

		Regularly Scheduled		Other Financial Examinations		
		Initiated				
	Total	In 1995	Prior to 1995	Special	On organization	Increase in capital and other
Total	128	76	39	3	8	2
Fire and marine, casualty and surety, including accident and health companies	71	42	24	3	0	2
Hospital, medical and dental plans	27	14	6	0	7	0
Other insurers and related organizations*	26	18	8	0	0	0
Title and mortgage companies	4	2	1	0	1	0

* Includes Underwriting Members of the New York Insurance Exchange, Inc.

12. Municipal Cooperative Health Benefit Plans

Chapter 689 of the Laws of 1994 developed Article 47, "Municipal Cooperative Health Benefit Plans." The law establishes minimum reserves and surplus as well as filing and reporting requirements. The requirements apply to plans that provide health insurance benefits on a shared funding basis among two or more municipal corporations which include cities, counties, towns, villages, school districts and libraries. Currently, 16 cooperative plans have advised the Department that they may qualify under the Article.

13. Article 43 and Article 44 Corporations

Article 43 of the Insurance Law governs various nonprofit health insurers and Article 44 of the Public Health Law governs health maintenance organizations (HMOs).

a. Subscriber Rate Changes

The Financial Condition Property/Casualty Bureau received nine premium rate increase applications from Article 43 corporations (including one HMO) for their community-rated contracts and riders with requested effective dates in 1995. The rates approved were lower than requested for six of the applications and higher than requested for two applications. The rates requested on one of the applications was approved as submitted. In addition, the Insurance Department received 22 applications for subscriber rate adjustments from Article 44 HMOs. The approved rates for five of the applications were lower than requested and higher than requested for three applications. The remaining 14 were approved as submitted.

Table 28
SUBSCRIBER RATE CHANGES
Insurance Law Article 43 Corporations
1995

Insurance Company	Average Percent Requested	Average Percent Approved	Effective Date
Blue Cross and Blue Shield of Western New York, Inc.			
Albany	8.5	7.6	1/1/95
Buffalo	8.4	8.2	1/1/95
Capital Area Community Health Plan, Inc. (HMO)			
Non-Medicare	-3.2	-2.5	1/1/95
Medicare	5.6	5.6	1/1/95
Empire Blue Cross & Blue Shield			
Albany Division	10.1	6.4	3/1/95
Mid-Hudson Division	22.6	15.9	3/1/95
New York Division	22.4	16.3	3/1/95
Finger Lakes Health Insurance Co., Inc.	2.7	1.3	1/1/95
Finger Lakes Health Insurance Co., Inc. and Finger Lakes Medical Insurance Co., Inc. (Jointly Underwritten Contracts)	9.2	6.5	1/1/95
Finger Lakes Medical Insurance Co., Inc.	6.6	-1.6	1/1/95
Group Health Inc.	1.6	-0.3	5/1/95
MVP Health Services Corp.	-3.9	70.8	1/1/95
Preferred Assurance Co., Inc.	11.5	11.5	1/1/95

Table 29
SUBSCRIBER RATE CHANGES
Public Health Law Article 44 Corporations
1995

Insurance Company	Average Percent Requested	Average Percent Approved	Effective Date
I) Not-For-Profit Corporations:			
Blue Choice (Finger Lakes Health Insurance Co., Inc.)*	2.8	2.8	1/1/95
Community Blue (Blue Cross and Blue Shield of Western New York, Inc.)*	2.6	4.7	1/1/95
Community Health Plan/Hudson Valley Region (Capital Area Community Health Plan, Inc.) *			
Non Medicare	0.4	0.4	1/1/95
Medicare	5.6	5.6	1/1/95
Elderplan, Inc.**	-100.0	-100.0	1/1/95
Health Services Medical Corp. of Central NY. Inc. ***			
Prepaid Health Plan	-6.5	-6.5	1/1/95
Prepaid Health Plan/Slocum Dickson	-11.6	-11.6	1/1/95
PHP-Options	-10.3	-10.3	1/1/95
Independent Health Association, Inc.			
Hudson Valley Division	-2.7	-2.7	1/1/95
Western New York Division	0.0	0.0	1/1/95
New York Metro Area	-9.9	-4.9	11/1/95
Kaiser Foundation Health Plan of NY	-3.6	-3.6	1/1/95
Managed Health, Inc.	-11.1	-11.1	7/1/95
MVP Health Plan	0.2	0.2	1/1/95
Rochester Area HMO, Inc.	3.6	3.6	1/1/95
II) For-Profit Corporations:			
Aetna Health Plans of New York			
HMO Only	9.1	3.5	4/1/95
In-Network Portion of POS	20.8	6.2	4/1/95
ChubbHealth, Inc.	-25.7	-15.3	7/1/95
CIGNA HealthCare of New York, Inc.	-1.3	-1.3	7/1/95
Metlife HealthCare Network of NY, Inc.	-15.2	-15.6	7/1/95
Patients' Choice, Inc.	0.1	0.1	1/1/95
Physicians Health Services of NY, Inc.	5.5	5.5	8/1/95
Preferred Care	3.6	3.6	1/1/95
Prudential Health Care Plan of NY, Inc.	5.7	4.4	7/1/95
Sanus Health Plan of Greater NY, Inc.	0.6	-0.2	4/1/95
Travelers Health Network of NY, Inc.			
New York/ Metropolitan	-2.0	-2.0	1/1/95
Syracuse Region	-3.0	-3.0	1/1/95
Wellcare of NY, Inc.			
Combined Average	5.7	5.6	10/1/95

* Indicates the HMO is a line of business of the corporation named in parenthesis.
** Elderplan, Inc. sells to only Medicare eligible New Yorkers.
*** Indicates the HMO is also licensed as an Insurance Law Article 43 corporation.

b. Growth of Article 43 and Article 44 Corporations:

The following tables show aggregate figures on assets, liabilities, surplus funds, premium income and membership for years 1992-1994:

Table 30
HEALTH SERVICE CORPORATIONS*
Selected Data, New York State
1992-1994
(in millions)

	1994	1993	1992
Admitted Assets	$4,512.7	$4,216.6	$4,075.8
Liabilities	3,758.3	3,513.8	3,707.0
Surplus Funds	$754.4	$702.8	$368.8
Net Premium Income			
Hospital	$6,683.6	$6,445.3	$7,393.0
Medical/Dental	3,627.7	4,133.3	4,030.1
Number of Contracts & Riders in Force:			
Hospital	3.8	5.4	5.9
Medical/Dental	1.8	2.5	5.1

* Insurance Law Article 43 health service corporations are permitted by the provisions of Section 4301(e) of the Insurance Law to provide coverage for hospital service and medical and dental care. They are also granted certain additional powers to permit the development of comprehensive health care plans.
Source: New York State Insurance Department

Table 31
MEDICAL & DENTAL EXPENSE INDEMNITY CORPORATIONS
Selected Data, New York State
1992-1994
(in millions)

	1994	1993	1992
Admitted Assets	$70.5	$68.3	$58.0
Liabilities	39.8	38.9	37.1
Surplus Funds	$30.7	$ 29.4	$ 20.9
Net Premium Income	$138.9	$146.4	$148.2
Number of Contracts in Force	0.3	0.2	0.4

Source: New York State Insurance Department

Table 32
HEALTH MAINTENANCE ORGANIZATIONS
That Are a Line of Business of a
Health Service Corporation*
Selected Data, New York State
1992-1994
(in millions)

	1994	1993	1992
Net Premium Income	$2,516.8	$1,939.9	$2,045.1
Participants	1.6	1.6	1.5

* Figures shown in this Table are included in the corresponding figures shown in Table 30.
Source: New York State Insurance Department

Table 33
HEALTH MAINTENANCE ORGANIZATIONS
That Are Not a Line of Business
Selected Data, New York State
1992-1994
(in millions)

	1994	1993	1992
Admitted Assets	$ 1,595.7	$1,225.6	$ 844.1
Liabilities	1,020.2	805.7	589.5
Surplus Funds	$ 575.5	$ 419.9	$ 254.6
Net Premium Income	$ 3,893.4	$2,697.3	$2,213.0
Participants	2.8	2.2	1.8

Source: New York State Insurance Department

C. LIFE AND HEALTH BUREAU

1. Review of Life and Accident and Health Policy Forms

The Life and Health Bureau processed 16,344 life, annuity and accident and health policy forms in 1995, including 199 fraternal benefit society certificate forms, constitutions, by-laws, articles of incorporation and amendments thereto. The number of forms processed in 1995 reflects a 9.04% increase over the number of forms processed in 1994.

Table 34
LIFE AND ACCIDENT & HEALTH POLICY FORMS PROCESSED
1995

Total	16,344
Individual Life	2,467
Individual Annuity	379
Individual Accident and Health	1,257
Group Life	476
Group Accident and Health	4,774
Combination Group Life and Health	142
Blanket	1,077
Article 43 Organizations	970
HMO	1,707
Credit Life	150
Credit Accident and Health	117
Credit Unemployment	31
Variable Life and Annuity	902
Fraternals	199
Group Annuity	1,560
Funding Agreements	26
Pre-Paid Legal	110

Of the 16,344 total, 8,172 forms were approved for use both in and out of state; 3,193 forms were either disapproved or withdrawn; 4,752 forms were filed for use in states other than New York; and 227 forms or memoranda explaining variable contract language were filed for reference purposes. The number of forms approved in 1995 reflects an increase of 8.6% over the number of forms approved in 1994.

2. Review of Accident and Health Rate Filings

The Bureau received 1,571 rate filings and processed 1,632 rate filings during 1995. The number of rate filings processed in 1995 represents an increase of 42.9% over the number of rate filings processed in 1994.

3. Pre-filings, Inquiries and Complaints

In conjunction with the policy form and premium rate review process, the Bureau processes pre-filings and responds to inquiries and complaints. The Bureau processed 103 pre-filings of policy form submissions in 1995 and provided written answers to 591 inquiries concerning policy forms or related issues.

4. Life Care Communities

The major impediment to the development and growth of the life care community industry in the State of New York has been the lack of long-term financing. Conventional financing has not been readily available for this type of project. Tax-exempt financing has not been available due to the position of the Public Authority Control Board (PACB) which precludes an entity under its control from issuing non-rated bonds. Due to the fact that all life care projects in New York are start-up projects and the fact that life care has no track record in this State, no rating agency is willing to give an investment grade rating to bonds used to finance such projects.

Enactment of Chapter 66 of the Laws of 1994 allowing financing of life care communities through county Industrial Development Authorities allowed the two projects with Certificates of Authority from the Life Care Council to obtain long-term financing and begin construction. Kendal at Ithaca has been substantially completed and is in full operation. Glen Arden is under construction and is expected to open in the first half of 1996. Other projects are in the planning stages. We anticipate at least three additional formal submissions of applications for a Certificate of Authority in early 1996. At least one of these projects contemplates that the facility will be under construction by the fall of 1996.

The Superintendent is a member of the Life Care Council. This Council has recommended additional changes in the laws governing life care communities in a report to the Governor. These changes would, among other things, allow additional types of continuing care retirement communities to be constructed in New York, giving our State's residents additional choices for their retirement living.

5. Synthetic Guaranteed Investment Contracts

As part of an overall review of regulation and its impact on the competitive posture of New York-licensed life insurers, the Insurance Department reversed its position on the permissibility of synthetic guaranteed investment contracts (GICs) and advised insurers in Circular Letter No. 12 (1995) and a supplement thereto that such contracts can be considered permissible ancillary activity to companies engaged in group life insurance or reinsurance and substantially similar to annuities if the contracts include traditional group annuity features.

The change in position will allow New York-licensed insurers to compete with non-New York licensed insurers and other financial institutions in the synthetic GIC market. In 1994, sales of synthetic GICs were approximately $12 billion or almost 30% of the stable value fund placements made in 1994. The stable value fund market is estimated to be $250 to $300 billion in size. Because of the Department's approval of the issuance of synthetic GICs, New York-licensed insurers will be able to offer a full range of products in the stable value fund market and better serve their long-standing customers.

As of December 31, 1995, nine insurers had submitted one or more synthetic guaranteed investment contracts. The Bureau has met with five insurers to discuss their products and the regulatory requirements. Without exception, the insurers have recognized the unique problems posed by synthetic GICs attributable to the lack of asset ownership and, in the absence of any specific statute or regulatory requirements, have agreed to comply with Regulation 128 reserve requirements and contract approval requirements.

6. Standardized Individual Health Maintenance Organization and Point of Service Contracts

Pursuant to Chapter 504 of the Laws of 1995, all health maintenance organizations are required to offer a single standardized comprehensive individual HMO contract with a drug benefit and a single standardized comprehensive individual point of service contract with a drug benefit.

The standard HMO product requires that benefits be obtained from the HMO's network of providers. The point of service contract also allows those who so desire to purchase a managed care product that includes an out of plan benefit allowing the insured to select his or her own health care providers. These are the only contracts an HMO may issue in the individual market.

Prior to enactment of Chapter 504, individuals had little choice in the purchase of comprehensive insurance coverage with comprehensive drug benefits. There was limited availability and premium costs were high. Through the required offering and standardization of these two products, Chapter 504 allows consumers a broad choice as well as an easier comparison of the products available from different HMOs. Consumers with serious illnesses are able to access out of network benefits while the managed care features of the point of service product should result in a more affordable alternative to traditional indemnity insurance.

All HMOs in New York were required to have these mandated coverages available by the January 1, 1996 effective date of Chapter 504. The Department and the industry were able to meet this deadline and residents of New York now have access to these broad-based coverages regardless of their current health status. A pre-existing condition limitation may be applicable in certain circumstances.

7. Regulation 149

Regulation 149 (11 NYCRR 42), which was promulgated by the Insurance Department effective November 22, 1995, was the result of the Department's work with an insurance industry task force in reviewing the Department's limitation on providing coverage beyond age 70 for renewable term insurance as required by Circular Letter No. 4 (1963) as well as the nonforfeiture requirements applicable to certain term and increasing premium life insurance.

Regulation 149 applies to policies delivered, issued for delivery or deemed to be delivered in this State by an authorized life insurance company or fraternal benefit society. The minimum cash surrender value requirements of the Regulation apply to term life and whole life plans with increasing (at advancing duration) gross premium scales, whether fixed premium or indeterminate premium, other than policies subject to Section 4232(b) or certificates subject to Section 4518 of the Insurance Law. The Regulation is applicable to all policies issued on or after the effective date of the Regulation except that the minimum cash surrender value requirements apply one year after the effective date of the Regulation for policy forms approved prior to the effective date of the Regulation.

The first part of the Regulation extends the age limitation from 70 to 80 for the issuance, renewal or continuation of term coverage. Exceptions are allowed for level premium, level benefit plans after age 70, employer-pay-all policies that utilize a sex-distinct mortality basis, employer-pay-all policies that utilize a unisex basis but are issued as part of a qualified pension plan that does not permit assignment of the policy to the employee, policies funded entirely by dividends, previously purchased paid-up additions or excess amounts credited to the base policy, group plans where the entire cost is paid by the group policyholder and group plans where the group policyholder pays a portion of the premium for active employees aged 80 and older covered under a group policy issued to a group recognized under Section 4216(b)(1) of the Insurance Law. There are special requirements for applying the age limitation to joint life policies with the age limitation based on the oldest joint insured for first-to-die policies and the age limitation based on the age of the youngest joint insured for second-to-die policies. The age restriction also applies to the term insurance component of a permanent plan of insurance consisting of a cash value policy, term insurance component and paid-up additions component or similar variable life insurance benefits where the term component is replaced by paid-up life insurance or similar variable life insurance benefits except that coverage may extend beyond age 80 on a level premium decreasing death benefit basis or if one of the general exceptions to the age 80 limitation is applicable.

The age 80 restriction would not apply to a joint second-to-die policy if the term insurance component was paid up at age 100 based on a dividend scale interest rate 2% lower than the rate at the time of sale of the policy. The age 80 limitation would also not apply to a permanent plan of insurance that consists of a cash value policy, a term insurance component and a paid-up additions component or similar variable life insurance benefits, if the ratio between the term insurance component and base policy cash value component is no greater than one to one and the term component will be replaced by paid-up additions no later than the midway point of the premium paying period.

The second part of the Regulation establishes cash value testing procedures for determining the minimum cash value requirements for the purpose of compliance with Section 4221 of the Insurance Law for certain life insurance plans. The Regulation provides testing methods by which insurers can evaluate their products and bring them into compliance with the statute prior to submitting them to the Department for approval. It is expected that the Regulation will assist in streamlining the review process for these policies.

8. Proposed Life Insurance Cost Disclosure and Sales Illustration Regulation

The Department, in conjunction with an insurance industry task force, has begun to draft a comprehensive life insurance cost disclosure and sales illustration regulation. The proposed regulation is intended to meet the statutory requirements of Section 3209 of the Insurance Law on disclosure with respect to variable life insurance policies, individual life insurance policies subject to Section 4232 of the Insurance Law, individual annuity contracts, individual funding agreements and group annuity contracts.

In addition, the proposed regulation will provide standards for sales illustrations that have recently become the focus of numerous consumer complaints and class action lawsuits on a nation-wide basis. In New York, the Department during its market conduct reviews has also encountered numerous deceptive sales presentations resulting in substantial monetary fines for violations of the Insurance Law.

The proposed regulation, which is presently in a working draft format is intended to track the basic standards set forth in the NAIC Life Insurance Illustrations Model Regulation which was recently adopted by the NAIC. The Department is currently working with insurance industry task force sub-groups to address specific product areas and also to ensure the most cost efficient means for insurers to comply with both the NAIC model regulation and the New York proposed regulation. There are, however, inconsistencies between the NAIC Model Cost Disclosure Regulation and the recently adopted NAIC Life Insurance Illustrations Model Regulation. Unfortunately, because the NAIC Model Cost Disclosure Regulation was enacted by statute in New York, it is impossible for the Department to adopt this NAIC Life Insurance Illustrations Model Regulation without any changes.

As the NAIC begins to work on a model regulation for variable annuity and variable life insurance products, the Department will assume a more active role with Department personnel as chair of the task force on variable annuities. The complexity of the variable products as well as the role of the Securities & Exchange Commission with these products will require extensive and thorough consideration by both the insurers and regulators.

It is expected that once the work on this proposed regulation is completed the final product will address a long overdue need to make sales presentations of life insurance and annuity products more understandable to the consumer and to provide a level playing field for all insurers doing business in New York.

9. Child Health Plus

Enacted by Chapters 922 and 923 of the Laws of 1990, Child Health Plus provides subsidized outpatient health insurance coverage to uninsured and underinsured children meeting certain eligibility criteria related to the child's age, family income and health insurance status. Direct subsidies, funded by assessment from the Statewide Bad Debt and Charity Care Pool, are paid to 13 participating insurers, health maintenance organizations and prepaid health services plans. Based on Department of Health data as of September 30, 1995, the geographical service areas and total enrollment of the Child Health Plus participants are as follows:

Participant	Geographical Service Area	Enrollment
Blue Cross and Blue Shield of Central New York, Inc.	Broome, Cayuga, Chemung, Cortland, Madison (west), Onondaga, Schuyler, Steuben, Tioga, Tompkins and Yates counties	7,188
Blue Cross and Blue Shield of the Rochester Area	Livingston, Monroe, Ontario, Seneca and Wayne counties	7,102
Blue Cross and Blue Shield of Utica-Watertown, Inc.	Chenango, Clinton, Delaware, Essex, Franklin, Fulton, Hamilton, Herkimer, Jefferson, Lewis, Madison (east), Montgomery, Oneida, Oswego, Otsego and St. Lawrence counties	6,514
Blue Cross and Blue Shield of Western New York, Inc.	Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans and Wyoming counties	4,335
Blue Shield of Northeastern New York, Inc.	Albany, Clinton, Columbia, Delaware, Dutchess, Essex, Fulton, Greene, Montgomery, Orange, Putnam, Rensselaer, Saratoga, Schenectady, Schoharie, Sullivan, Ulster, Warren, and Washington counties	2,664
Bronx Health Plan	Bronx	3,502
Community Health Plan, Inc. (CHP)*	Albany, Clinton, Columbia, Dutchess, Fulton, Greene, Montgomery, Orange, Otsego, Putnam, Rensselaer, Saratoga, Schenectady, Schoharie, Ulster, Warren and Washington counties	5,676
CHP/HSMC*	Madison, Cayuga, Tioga, Tompkins, Oswego, Cortland, Oneida, Broome, and Onondaga counties	1,040
CHP/HCP*	Erie, Cattaraugus, Niagara and Wyoming counties	724

Participant	Geographical Service Area	Enrollment
Centercare PHSP	Manhattan	3,210
Empire Blue Cross and Blue Shield	Albany, Clinton, Columbia, Delaware, Dutchess, Essex, Fulton, Greene, Montgomery, Nassau, Orange, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Schoharie, Suffolk, Sullivan, Ulster, Warren, Washington, and Westchester counties and New York City	33,586
Group Health, Inc.	Bronx	2,010
Health Care Plus	Brooklyn	8,119
Health Insurance Plan of Greater New York, Inc.	Queens, Suffolk and Nassau counties	14,309
Westchester PHSP	Westchester County	3,409

*In 1993, Capital Area Community Health Plan entered into subcontracts with Health Services Medical Corporation of Central New York, (HSMC) and Health Care Plan (HCP), both certified health maintenance organizations, for the provision of Child Health Plus covered services to children residing in their respective service areas.

10. Regional Pilot Projects

Chapter 709 of the Laws of 1988 authorized the development of a program to test, on a limited regional basis, health care coverage models to provide insurance to uninsured individuals and small employer groups. The premium charged for coverage available under the pilot projects is subsidized from an annual distribution of funds from the Statewide Bad Debt and Charity Care Pool.

In 1995, two health maintenance organizations (Capital Area Community Health Plan and Health Insurance Plan of Greater New York), one prepaid health services plan (The Bronx Health Plan) and one insurer (Empire Blue Cross and Blue Shield) participated in five Regional Pilot Projects. Three of the Projects are individual subsidy programs and two are small employer group programs. Based on Department of Health data, total enrollment in all Plans as of September 30, 1995 was 9,221.

D. PROPERTY AND CASUALTY INSURANCE BUREAU

1. Filings Involving Rate and Rating Rule Changes and Forms, Territories and Classifications

During 1995, there were 8,190 filings involving changes in rates, rating rules, policy forms, rate classifications and rating territories submitted by rate service organizations, joint underwriting associations and companies. The filings were for the following:

	Number of Filings			
Line of Business	Rates & Rules	Forms	Classes & Territories	Total
Fire and Allied Lines	493	311	70	874
Farmowners Multiple Peril	57	36	1	94
Homeowners Multiple Peril	285	235	19	539
Multiple Line	118	112	31	261
Commercial Multiple Peril	573	381	47	1,001
Inland Marine	283	199	7	489
Medical Malpractice	181	106	4	291
Earthquake	4	2	0	6
Rain	0	0	0	0
Workers' Compensation & Employer's Liability	69	76	2	147
Other Liability	1,069	808	63	1,940
Motor Vehicle Insurance	1,035	534	46	1,615
Aircraft	4	10	0	14
Fidelity & Surety	152	45	3	200
Glass	71	16	1	88
Burglary & Theft	195	78	48	321
Boiler & Machinery	76	54	2	132
Credit	6	10	0	16
Animal Mortality	4	6	0	10
Mortgage Guaranty	24	15	0	39
Residual Value	0	0	0	0
Title	3	2	0	5
Group Property/Casualty	41	35	0	76
Financial Guaranty	6	26	0	32
Total	4,749	3,097	344	8,190

These figures do not include approximately 50,500 individual risk filings received during the year. They do, however, include approximately 425 consent-to-rate filing applications, 225 manuscript policy filings and 180 rating plan filings submitted in 1995. Fifty-one form filings, one rating classification or territorial filing and 45 rate or rating rule filings were disapproved during 1995.

Table 35
MAJOR EFFECTS OF PRINCIPAL RATE & LOSS COST CHANGES
Filed in 1995 by Property and Casualty
Rate Service Organizations

	Percent Changes in Average State-Wide Rates
Automobile	
Automobile Insurance Plans Service Office	
Commercial Automobile, Taxis	
Rates Revised	
Bodily Injury Liability	+15.0
Property Damage Liability	+ 9.9
Personal Injury Protection	+10.0
Total, effective 2/28/95	+12.6
Private Passenger Automobile	
Rates Revised	
Bodily Injury Liability	+ 6.8
Property Damage Liability	-5.3
Personal Injury Protection	+12.3
Uninsured Motorists	+45.0
Supplementary Uninsured Motorists	+45.0
Liability Total	+ 7.3
Comprehensive	-14.3
Collision	-13.5
Physical Damage Total	-13.9
Total, effective 10/1/95	+ 5.8
Insurance Services Office, Inc.	
Commercial Automobile	
Loss Costs Revised	
Commercial Cars	
Single Limit Liability	- 1.2
Personal Injury Protection	+20.4
Uninsured Motorists	+75.4
Supplementary Uninsured Motorists	+75.4
Liability Subtotal	+ 2.5
Comprehensive	+ 4.8
Collision	-18.9
Physical Damage Subtotal	- 8.9
Total Commercial Cars	+ 1.2
Garages	
Single Limit Liability	+ 1.8
Personal Injury Protection	-19.3
Liability Subtotal	- 0.3

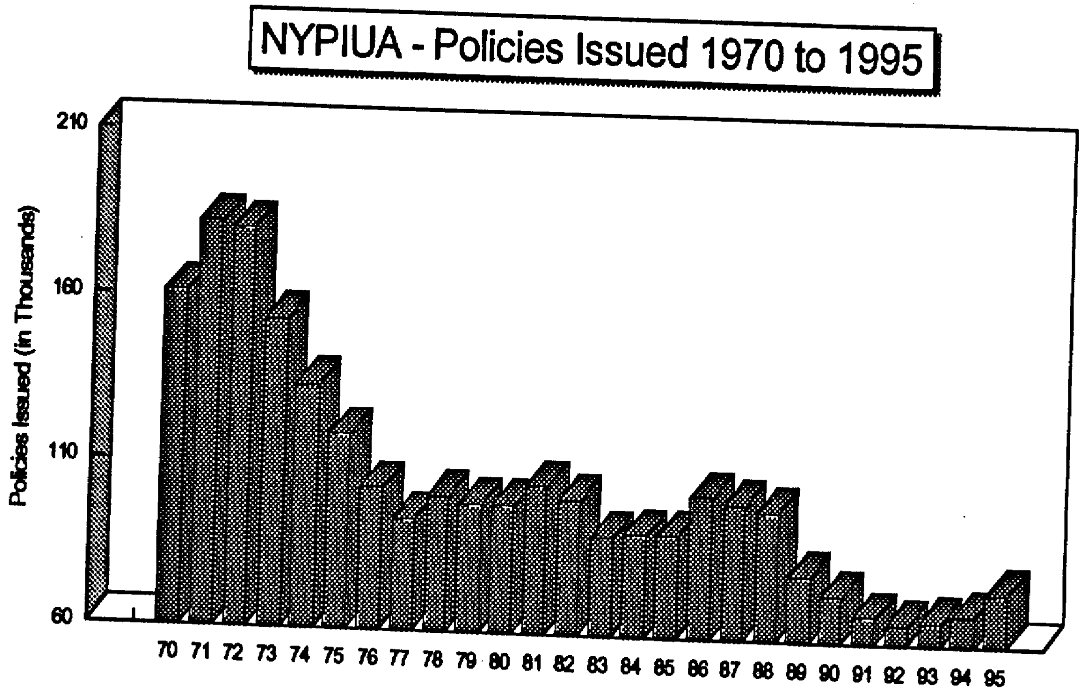
	Percent Changes in Average State-Wide Rates
Physical Damage - Garage Dealers	
Comprehensive	+ 2.9
Collision	-16.3
Physical Damage - Garage Dealers Subtotal-	-4.0
Physical Damage - Garage Keepers	
Comprehensive	+13.7
Collision	-27.0
Physical Damage - Garage Keepers Subtotal-	- 1.3
Total Garages	- 1.4
Private Passenger Types	
Single Limit Liability	+ 3.5
Personal Injury Protection	+ 8.1
Uninsured Motorists	+87.8
Supplementary Uninsured Motorists	+87.8
Liability Subtotal	+ 7.8
Comprehensive	-13.9
Collision	-12.0
Physical Damage Subtotal	-12.9
Total Private Passenger Types	- 2.2
Total All Coverages	- 0.5
Total Liability	+ 3.7
Total Physical Damage	- 9.9
effective February 1, 1996	
<u>Farmowners Multiple Peril</u>	
American Association of Insurance Services	
Introduction of Loss Costs	
effective June 1, 1994	0.0
Insurance Services Office, Inc.	
Farm - Property, Liability and Inland Marine	
Loss Costs Revised	
effective August 1, 1995	- 8.4
<u>Fire and Allied Lines</u>	
American Association of Insurance Services	
Commercial Fire	
Loss Costs Revised	
effective December 1, 1994	- 4.95
Insurance Services Office, Inc.	
Commercial Fire	
Introduction of Loss Costs	
for newly eligible classes	
effective December 1, 1995	0.0

	Percent Changes in Average State-Wide Rates
Commercial Fire	
Loss Costs Revised	
Basic Group I, Basic Group II	
and Special Causes of Loss	+ 4.2
effective October 19, 1995	
<u>Glass</u>	
Insurance Services Office, Inc.	
Commercial Glass	
Loss Costs Revised	
Classes A-2 and E	+15.0
effective September 1, 1995	
<u>Inland Marine</u>	
American Association of Insurance Services	
Commercial Inland Marine	
Introduction of Loss Costs	+ 0.17
effective April 1, 1995	
Insurance Services Office, Inc.	
Commercial Inland Marine	
Revision of Loss Costs	- 11.9
effective June 1, 1995	
<u>Liability Other Than Auto</u>	
Insurance Services Office, Inc.	
Owners, Landlords and Tenants	
New York City Apartments and Tenements Classes	
Basic Limits Loss Costs Introduced	+ 44.0
effective December 1, 1995	

2. New York Property Insurance Underwriting Association

a. Policies Issued

The following graph illustrates the number of policies issued by the New York Property Insurance Underwriting Association since 1970:



Following the peak year 1971 (182,000 policies), there was a steady decline through 1977 in the number of policies issued annually by the Association. The period 1977 through 1982 saw comparative stability, with the number of policies ranging between 94,000 and 105,000. The sharp decline experienced from 1982 to 1983 can be attributed to soft market conditions, while 1986 showed a sharp increase in policies issued as the voluntary insurance market hardened. Another soft insurance market accounted for the large decrease in the number of policies issued by the Association in 1989 and continuing through 1992 as many NYPIUA policies were rewritten in the voluntary market. The number of NYPIUA policies began to increase again in 1993 (see Section 13, "Homeowners Insurance").

For the fiscal year ending December 31, 1995, the Association's Financial Report indicated premiums earned of $32,357,940 and a net underwriting gain of $5,580,472. Other income of $2,417,954 comprised of net investment income of $2,652,400, premium balances charged off ($63,742), bond amortization loss of ($97,996), loss on sale of securities of ($130,521) and income from data processing services of $57,813 resulted in net income before taxes of $7,998,426. The change in assets not admitted of $45,323 and taxes incurred of ($285,829) resulted in a net change in the Members' Equity Account of $1,431,550. The cumulative operating profit as of December 31, 1995 was $45,552,952. After all assessments (net of distribution of $37,952,323), the net Members' Equity Account was $7,600,629.

In accordance with Section 5405(c) of the New York Insurance Law, the Association estimated a surplus from operations of $2,894,000 for the calendar year 1996. There will be no need to credit the Association with any funds from the New York Property/Casualty Insurance Security Fund for the year beginning January 1, 1996 since its assets exceed its liabilities. After the Department's review of the data submitted, it was determined that there would be an operating surplus of $3,757,000 from the operations of NYPIUA. In view of these results, no estimated deficit from operations was approved for the Association for the fiscal year ending December 31, 1996.

For four consecutive years (1986-1989) NYPIUA made special distributions to its commercial policyholders instigated by the Department in the form of dividends totaling $26.3 million, because of the favorable underwriting results those policies attained during those years. However the underwriting results for later years were not as favorable and therefore did not warrant distributions. If underwriting results improve in the coming years further distributions will be made to those classes generating favorable results.

In a related matter, the Association submitted a filing for the final close-out of NYPIUA policy years 1990, 1991 as well as the provisional 60% close-out of policy year 1992, pursuant to the revised close-out formula approved by the Department in December 1988. The net distribution to member companies for the closing of policy years 1990, 1991 and 1992 amounts to $6,326,370.

b. Special Report to the Governor

Chapter 113 of the Laws of 1995 (Senate Bill 8367) extended the life of the New York Property Insurance Underwriting Association (NYPIUA) until January 31, 1996. Section 10 of the bill required the Superintendent of Insurance to conduct a study and report to the Legislature by December 31, 1995, on the need for, feasibility of, and advisability of expanding the coverage of policies offered by NYPIUA. A review of conditions in the voluntary market with respect to residential property insurance in areas of high concentrations of growth since 1991 was also required by the bill. Copies of the Report are available through the Research Bureau at the Department's New York City office.

3. Federal Crime Insurance Program

The Federal Crime Insurance Program began operations in 1971 and authorized the sale of insurance by the federal government in any eligible state participating in the program. The federal program was intended to provide a source of coverage for residents and business owners in high-crime areas who might be unable to obtain coverage against financial losses from burglary and theft through the voluntary market. **The Federal Crime Insurance Program expired on September 30, 1995.** The Program has not been reauthorized by Congress and is currently running off its business.

The following tables show the run off policies and the loss experience as of 12/31/95:

Table 36
FEDERAL CRIME INSURANCE PROGRAM
Policies In Force, 1994-1995

	Number of Policies		
New York City	12-31-95	12-31-94	% Change
Residential	4,525	5,655	- 20.0%
Commercial	941	1,476	- 36.2
Total	5,466	7,131	- 23.3
Remainder of State			
Residential	1,102	1,081	1.9%
Commercial	57	101	- 43.6
Total	1,159	1,182	- 1.9
Total New York State	6,625	8,313	- 20.3%
Remainder of U.S.	8,563	8,224	4.1
Total U.S.	15,188	16,537	- 8.2%

Table 37
FEDERAL CRIME INSURANCE PROGRAM
Loss Experience, 1995

Loss Experience for 12 Months Ended 12-31-95

	Premiums	Current Losses	Loss Ratio Period	Loss Ratio 1 Yr. Ago
Residential				
New York City	$ 498,831	$ 147,751	29.6%	21.8%
Remainder of State	122,833	29,301	23.9	25.4
Total	$ 621,664	$ 177,052	28.5%	22.4%
Commercial				
New York City	$1,124,302	$ 449,342	40.0%	57.5%
Remainder of State	81,186	41,535	51.2	31.0
Total	$1,205,488	$ 490,877	40.7%	55.8%
Total New York State	$1,827,152	$ 667,929	36.6%	46.4%
Remainder of U.S.	1,509,863	745,219	49.4	42.2
Total U.S.	$3,337,015	$1,413,148	42.3%	44.7%

4. Insurance Availability Problems

The general easing of availability problems that has characterized most liability insurance markets over the past several years continued in 1995. The Department continued to monitor market conditions and addressed individual problems as they arose.

a. Availability Survey

In response to the liability insurance crisis of the 1980s, the Department conducted special surveys to ascertain the existence of markets for difficult-to-place insurance coverages. Where a meaningful market did not exist for critical coverages, voluntary market assistance programs (MAPs) were successfully developed. Information from the survey is made available to the insurance community, and assists the Department in providing the proper channels for insurance consumers to find coverage appropriate to their needs.

b. Family Day Care Market Assistance Program

The Family Day Care Market Assistance Program (FDCMAP) was established in 1988 to enable licensed providers of family day care (three to six children) and group family day care (seven to twelve children) services in a private home to obtain affordable liability insurance coverage. Aetna Casualty and Surety Company acts as the servicing carrier for the FDCMAP, in which 15 insurers participate by sharing risks under a quota-share arrangement.

In order to qualify for FDCMAP placement, family day care providers must comply with governing rules and regulations, including licensing and registration requirements, issued by the New York State Department of Social Services and relevant local agencies, such as the New York City Health Department and county social services agencies.

There is no application fee for the FDCMAP, which provides liability coverage on an occurrence basis. In addition to basic $5,000 per-child medical payments coverage, the provider may choose from minimum liability limits of $100,000 per occurrence/$300,000 per year up to $500,000/$1,000,000 maximum limits. A brochure prepared by the Insurance Department explains how family day care providers can obtain liability insurance coverage through the FDCMAP and is available free of charge. There have been 296 policies issued in the FDCMAP since its inception. There were 110 policies active at the end of 1995.

c. Pollution Liability Insurance for Underground Storage Tanks

Implementing regulations of the Resource Conservation and Recovery Act (RCRA) and the U.S. Environmental Protection Agency (EPA) require owners and operators of underground storage tanks (USTs) to evidence financial responsibility in the amount of $1 million through pollution liability insurance or some other acceptable mechanism.

The requirement was phased in over several years starting with the largest facilities. The last group of facilities, those having 1 to 12 USTs, had to comply with this requirement as of December 31, 1993. Unlike larger petroleum marketers, small owners and marketers are generally less familiar with the elements of risk management and the process of procuring specialized coverages such as pollution liability insurance.

With the assistance of the Independent Insurance Agents Association of New York (IIAANY) and the Professional Insurance Agents of New York (PIANY), the Department established the UST HELPLINE to assist owners of 1 to 12 USTs that experience difficulty in obtaining the coverage necessary to satisfy the EPA financial responsibility requirements. Tank owners/operators and their insurance agents or brokers can call designated telephone numbers at the Department, at IIAANY, and at PIANY to obtain information about the requirements and for assistance in locating insurers willing to provide the necessary coverage. Since its inception in 1994, the UST Helpline has provided assistance to approximately 73 owners/operators.

d. Insurance for Lead Liability

Beginning in 1991, a number of insurers requested approval of policy exclusions for lead liability, citing claims already paid, claims pending, the trend of court rulings, and the uncertainty of lead paint abatement standards as the reasons for their requests. As of the end of 1995, exclusions have been approved for approximately 50 insurers.

In response to the concerns of property owners who have had difficulty in obtaining coverage, the Department has actively pursued various options to encourage the availability of meaningful lead paint liability insurance for property owners. (These efforts were described in detail in previous reports.)

The Department has participated in regulatory and legislative efforts to develop state-wide lead abatement standards, which must be in place in order to encourage insurance underwriters to accurately assess risks and to confidently restore such coverage. As an adjunct member of the Lead Poisoning Prevention Advisory Council, the Department has worked closely with the Department of Health and other Council members in efforts to recommend effective legislative and regulatory remedies for the lead hazard.

5. Certificates of Insurance

In response to concerns expressed by various members of the insurance community regarding inappropriate use of insurance certificates, Circular Letter No. 8 was issued on June 7, 1995, to clarify the Department's position on this subject.

The Circular Letter differentiates between policy forms, which include enforceable coverage provisions and require the approval of the Superintendent prior to their use; and certificates, which merely indicate that coverage has been placed in effect and should only be used to describe the types of coverage purchased. The Letter reminds insurers that certificates that alter the terms of coverage are in actuality policy forms, and may not be used without the Department's prior approval.

6. Standby JUA Authority

The Omnibus Liability Bill enacted in June 1986 and extended in 1988 granted the Superintendent of Insurance the authority to activate a mandatory joint underwriting association (JUA) whenever he determines after a public hearing that there is no meaningful market available for a line of insurance.

While coverages remained generally available in 1995, difficulties continued in several key markets. Due to several natural disasters and in the wake of wind storms that ravaged the coastal areas of this State, some insurers have been reassessing their maximum potential losses in areas in which they have a heavy concentration of risk. As a result, problems have arisen for some of these risks. During 1995, discussions with insurers and other interested parties continued relative to this subject. The Department's efforts to find workable solutions to the coastal problem are discussed in Section 13, "Homeowners Insurance."

7. Excess Line Insurance

Potential insureds who cannot obtain coverage from companies licensed to write insurance in New York may, under circumstances prescribed in the New York Insurance Law and regulations, obtain such coverage from unlicensed companies through the auspices of a New York-licensed excess line broker.

Inasmuch as the insurers writing this coverage are not licensed by this Department, statistical data relating to the amount and nature of premiums written in the excess line market must be obtained directly from the excess line brokers, through tax statements they are required to file no later than March 15 of each year relating to business written during the previous calendar year. It should be noted that the statistical data used in this Annual Report pertaining to excess line business were obtained from statistical reports provided to the Superintendent by the Excess Line Association of New York pursuant to Section 2130 of the New York Insurance Law.

For calendar year 1995, total excess line gross premiums written on risks located or resident both in and out of New York State amounted to approximately $536 million of which $394 million was attributable to risks located or resident in New York State only.

a. Business Written in New York

Excess line premiums written in New York State went up from $375 million in 1994 to $394 million in 1995, an increase of 5.2%. Since 1992, premium writings have decreased by a negligible 1.8%.

The largest dollar increase over the year occurred in the fire and allied lines, up $13 million for an increase of nearly 35%. The largest percentage increase over the year occurred in the aircraft physical damage line which, although small in volume, was up by 12136%. Other lines that showed increases were errors and omissions up by $3.6 million, burglary and theft up by $3.1 million, commercial multiple peril up by $2.6 million, malpractice up by $2.4 million and auto physical damage up $2.0 million.

The largest dollar decline over the year occurred in the other liability line which went from $143 million in 1994 to $137 million in 1995, a drop of 4.4%. The largest percentage decrease occurred in the auto liability line which was off by 28.8% over the year. The fidelity and surety and inland marine lines fell by $1.4 million and $1.2 million, respectively.

Table 38
EXCESS LINE PREMIUMS
Written in New York State
1992-1995
(dollar amounts in thousands)

Line of business	1995	1994	1993	1992
Fire and allied lines	$50,878	$37,730	$21,599	$22,544
Inland marine	24,683	25,836	26,703	36,127
Auto liability	1,975	2,775	2,950	4,394
Malpractice	4,476	2,100	4,475	4,497
Errors and omissions	121,462	117,832	144,808	130,516
Commercial multiple peril (excluding fire)	18,991	16,294	13,554	22,210
Other liability	136,580	142,884	135,719	138,225
Auto physical damage	15,118	13,133	7,538	12, 242
Aircraft physical damage	1,713	14	211	555
Burglary and theft	5,761	2,654	4,447	9,527
Fidelity and surety	9,192	10,620	17,754	16,930
Other lines	3,605	3,203	2,725	4,047
Total	$394,434	$375,075	$382,483	$401,814
Excess line premiums as a percentage of all property and casualty insurance premiums written in New York	1.80%*	1.80%[r]	1.83%[r]	1.99%[r]

*Estimated
[r] revised
Source: Excess Line Association of New York

b. Warranty Programs

The Department has continued its investigation into companies offering illegal warranty-type insurance products. For a set price these companies offer to repair or replace consumer products if they break during a specified period. For the most part, the Department considers these products to be insurance and not warranties.

According to current Insurance Law, if the warranty is not incidental to a company's main business activity but is the actual vocation of the company itself, then the company is in fact doing an insurance business. It is the Department's view that Section 1102 of the New York Insurance Law provides that, unless specifically exempted, no entity or person shall do an insurance business in this State unless authorized by a license in force.

These warranties were designed to protect consumers in the event, for example, that their electronic purchases needed repair or their autos were stolen. However, many of the issuing companies were not able to provide this protection. Several of these companies have become bankrupt because their reserve funds were not properly established. Even though consumers have paid upward of several hundred dollars, these warranties were not honored. However, there appears to be less activity this year than in past years because of the Department's investigations.

The Excess Line Unit completed an investigation of another such auto warranty program in New York. The program provides, in the event an auto is stolen, a payment of $2,500 over the actual cash value (ACV) of the auto. The participating broker was disciplined for its participation. The company agreed to cease its operations in New York.

The Department is nearing completion of an investigation regarding an automobile mechanical breakdown program. Consumers would purchase certificates from auto dealers and these dealers in turn would purchase reimbursement insurance from a carrier that was unlicensed in New York, although acceptable as an excess line carrier in New York. However there was no excess line broker involved in this transaction. Therefore any placement would be considered a violation of Section 2117 of the Insurance Law, (i.e.,) aiding and abetting an unauthorized carrier. Further, licensed agents and brokers were not utilized to sell this program and licensed adjusters were not utilized to settle the claims. To help solve these problems, the administrator acquired a licensed company and has agreed to bring this program into compliance with New York Law by March 1, 1996. The administrator has also been the conduit for payment of the excess line taxes and has agreed to pay a fine and sign a stipulation for its role in the program.

Legislation is still pending that may alter the Department's treatment of warranty business. Until that time, the Department will continue its investigation of all violative programs.

c. Jewelers Block Investigations

The Excess Line Unit is currently investigating jewelers block business placed by New York brokers with unauthorized insurers. A portion of the jewelers block policy which is referred to by these brokers as transit coverage and sendings coverage, covers the transportation of jewelry in one manner or another. The brokers have argued that this coverage is ocean marine, and therefore not subject to Insurance Department regulation. However, jewelers block and related coverages have historically been referred to as inland marine and therefore subject to all the statutory requirements of the Insurance Law.

The investigation has led to the discovery that the companies being utilized at best do not meet the Regulation 41 requirements and at worst may not even exist.

d. Second Amendment to Regulation 41

The Second Amendment to Regulation 41 was originally promulgated on June 21, 1995 and as a revised proposal on December 6, 1995 to add an "export" list of coverages that does not require an excess line broker to obtain declinations from licensed companies before placement with the excess line market. The amendment was effective on January 24, 1996.

e. Liability Risk Retention Act of 1986 - Purchasing Groups

Purchasing groups are allowed, pursuant to the federal Liability Risk Retention Act of 1986, to buy commercial liability insurance on behalf of members on a group basis. These groups are exempt from any state insurance laws that hinder or prohibit group self-insurance programs and the purchase of liability insurance on a group basis.

As of December 31, 1995, the Department had received notices of intent from 503 purchasing groups. Subsequently, 199 have withdrawn their notice of intent, 59 have notified the Department of their inactive status and 36 have been given ineligible status by the Department due to failure to comply with all the requirements of the applicable laws and regulations. Of the remaining 200 purchasing groups, 30% have named unlicensed companies as their intended insurers.

Some of the most common types of businesses and professions that have formed these purchasing groups this year include real estate agents, financial consultants, health care facilities and services, and hotels and restaurants.

8. <u>Medical Malpractice Insurance</u>

a. Establishment of Rates and Premium Surcharges

Chapter 256 of the Laws of 1993 extended for two years the authority of the Superintendent of Insurance to establish rates for policies providing coverage for physicians and surgeons medical malpractice liability insurance. This legislation also extended the provision for imposing a surcharge of up to 8% annually, beginning July 1, 1989, upon the then-established rates if required to satisfy any deficiency for the policy periods July 1, 1985 through June 30, 1993. Department Regulation 101, as amended, contains the physicians primary medical malpractice insurance occurrence rates, excess medical malpractice insurance rates, premium surcharges, claims-made step factors, and extended reporting period (tail) factors established by the Superintendent each year.

The Regulation also requires insurers to maintain, for each policy year during the period of established rates, segregated accounts for premiums, reserves, and investment income attributable to each policy year, and to annually furnish the Department with reports containing this segregated account information. These reports are due from each insurer on October 1 of each year. The information contained in these reports is used to determine whether deficiencies exist and whether any premium surcharges are necessary.

The Twentieth Amendment to Regulation 101 was promulgated on July 10, 1995, establishing primary medical malpractice insurance rates in New York, for the July 1, 1995 through June 30, 1996 policy year. The rates established for all but one insurer were, on average, unchanged from those established the previous year. The rates established for Physicians Reciprocal Insurers were, on average, 10% higher than those established the previous year. Simultaneously approved classification and territory changes by all insurers did result in rate changes for some insureds that ranged between -5% and +25%.

Physicians medical malpractice insurance rates had been increased in New York in each of the preceding two years. This year's analysis of medical malpractice insurance company experience showed, in general, a decrease in the severity of claims against doctors in New York while the frequency of lawsuits continued to rise. Further, due to fluctuating interest rates, insurer investment income remained limited. Overall, it was determined that rates could remain stable while at the same time ensuring that the medical malpractice system remained adequately funded.

It was also determined that the 4% surcharge imposed since 1989 on Group Council Mutual Insurance Company should continue for the 1995-1996 policy year based on a review of the segregated account reports received October 1, 1994 as well as an evaluation of the financial condition of insurers issuing physicians medical malpractice insurance.

b. Application of Premium Surcharges

The premiums of all physicians insured with Group Council Mutual Insurance Company any time during the period 7/1/85 through 6/30/88 had to be surcharged even if that company no longer insured the physician. The insurer providing coverage for these physicians for the policy period beginning 7/1/95 collected and remitted these surcharges to Group Council Mutual.

Surcharges were generally not imposed upon physicians currently insured by Group Council Mutual Insurance Company if they were not insured by that company during the period July 1, 1985 through June 30, 1988. A surcharge must be collected, however, from any physician insured by Group Council Mutual Insurance Company on or after July 1, 1989 who was not covered by a licensed insurer during the period July 1, 1985 through June 30, 1988. The surcharge collected from these physicians was remitted to insurers in the following proportions:

Medical Liability Mutual Insurance Company	59.70%
Physicians Reciprocal Insurers	23.10
Group Council Mutual Insurance Company	6.55
Frontier Insurance Company	5.10
Medical Malpractice Insurance Association	3.15
Legion Insurance Company	0.95
Academic Health Professionals Insurance Association	0.90
Hospital Underwriters Mutual Insurance Company	0.55
Total	**100.00%**

c. Claims-Made Factors and Optional Tail Factors

The claims-made rate is obtained by multiplying the established occurrence rate by the claims-made factor. This factor varies depending on the number of years the insured has been covered by the claims-made program. The rate for the optional tail coverage required to be offered upon termination of coverage is based on the number of years the physician has completed in the claims-made program, and is obtained by multiplying the established occurrence rate by the factor established by the Superintendent. The claims-made and tail factors for years one through eight were established in previous amendments to Regulation 101. (For details, see Annual Reports for prior years.) For the Twentieth Amendment it was determined that no change was needed to these factors. Factors were not needed for years of coverage in excess of eight years.

d. Rates for Excess Insurance Coverage

The rates for first and second excess layers of insurance coverage established for the policy year July 1, 1995 through June 30, 1996 were reduced 10% from those established the previous year, and are calculated by applying the following factors to the $1 million/$3 million primary rates established for the Medical Malpractice Insurance Association:

	Purchased by the Physician	Purchased by a Hospital on Behalf of the Physician
First Excess Layer[a]	24.3%	26.2%
Second Excess Layer[b]	17.4	c

[a] Provides $1 million/$3 million of excess coverage over $1 million/$3 million primary coverage.
[b] Provides $1 million/$3 million of excess coverage above the underlying primary coverage and first layer of excess coverage.
[c] This coverage is not purchased by the hospitals.

Although the Superintendent is authorized to establish a surcharge on the established rates for excess coverage if required to satisfy any deficiency for the policy period July 1, 1985 through June 30, 1988, it was determined, based on a review of the segregated account reports of those insurers writing the excess coverage, that no surcharge was necessary for the policy year beginning July 1, 1995.

9. Annual Commercial Property/Casualty Report

Chapter 220 of the Laws of 1986 added Section 334 to the Insurance Law requiring that the Superintendent annually report to the Governor and the Legislature on the status of commercial liability, professional liability, and public entity liability insurance. This Section outlines specific statistical data to be included in the report and authorizes the Superintendent to collect these data from insurers. The eighth *Annual Commercial Property/Casualty Report* was issued May 1, 1995. Copies may be obtained through the Research Bureau at the Department's New York City Office.

10. Market Conduct Activities

a Market Conduct Fines Collected

The Market Conduct Unit continued its program of reviewing insurance company underwriting, rating and claims practices to determine compliance with the Insurance Law and Department regulations.

Twenty-one market conduct investigations were initiated during 1995 bringing to 33 the total number of investigations in progress as of the end of the year. Three of the four statutory rate service examinations in progress during the year were filed. Forty-four stipulations were entered into during the year. The fines collected as a result of admitted violations totaled $1,880,780.

b. Penalties Imposed Under Section 3425 - NYIL

Section 3425 limits the total number of nonrenewals of personal automobile insurance policies that an insurer is allowed. Generally an insurer is permitted to nonrenew up to 2% of the total number of covered policies that the insurer had in force at the previous year end in each such insurer's rating territory in use in this State. As a result of an analysis of reports to the Superintendent required by Section 3425(l)(1) - NYIL, stipulated fines totaling $136,030 were collected during calendar year 1995:

c. Penalties Imposed for Late Filings of Form 131-A

Regulation 131 was promulgated on July 13, 1987 setting forth data reporting requirements for commercial property/casualty insurers. Regulation 131 implements Section 334 of the Insurance Law which is the reporting or sunshine component of omnibus legislation enacted by Chapter 220 of the Laws of 1986 in response to the liability insurance availability and affordability crisis. The Superintendent submits every May 1 an *Annual Commercial Property/Casualty Insurance Report* to the Governor and the Legislature, based upon data received from insurers concerning commercial risk, public entity and professional liability insurance costs, experience and profitability.

Section 162.4(a) of Regulation 131 requires all insurers to complete Form 131-A for New York experience, setting forth direct written premiums for selected markets for each calendar year. These forms had to be completed by insurers for calendar year 1994 and submitted to the Department no later than April 15, 1995. Based on an analysis of these forms some insurers would be required to submit further statistical data.

A review of insurers' compliance with Regulation 131 disclosed that many insurers had not submitted Form 131-A to the Department by the required date. As a result of this review these companies were informed that a penalty was being imposed for a late filing of Form 131-A. Previously, insurers that had not submitted Form 131-A by the required date paid penalties based upon the number of calendar days the required form was late.

In a November 29, 1990 decision, the Court of Appeals ruled that failure to file the 131-A form constitutes one offense regardless of the number of days the required form was late. The maximum penalty permitted by Insurance Law is $500 for each offense.

During calendar year 1995, 71 insurers paid a total of $20,000 in penalties for late filings of Form 131-A. This represents a $500 penalty for late filing for each company not in compliance with the Regulation. In addition, two insurers paid a total of $1,000 for failing to submit the additional data required pursuant to Regulation 131.

d. Penalties for Failure to Pay No-Fault Arbitration Awards Timely

The No-Fault Claims Administration Unit of the Property and Casualty Bureau has received a significant number of complaints from applicants for no-fault arbitrations. These complaints alleged that even after successfully arbitrating their entitlements to no-fault benefits or obtaining a conciliation of their dispute, they were not receiving all amounts due from insurers in a timely manner. The no-fault regulation requires insurers to pay within 30 days all amounts awarded.

The Department issued Circular Letter No. 4 (1992) reminding all insurers of their obligation to pay timely and that with every request for enforcement, the Department would require insurers to either provide proof that full payment was made or an explanation as to why payment was not made.

Insurers were also advised that in accordance with Section 109(c)(1) of the Insurance Law, a penalty would be imposed on insurers for each complaint made where no justifiable reason for nonpayment or late payment was furnished to the Department. Furthermore, these complaints would be recorded for the purpose of calculating the complaint ratios that form the basis of the Department's annual automobile complaint ranking. During calendar year 1995, the Department collected fines totaling $95,750 from 63 companies for their failure to pay arbitration awards in a timely manner.

e. Overcharges Remitted to Policyholders

As a result of the terms agreed to in stipulated settlements of market conduct investigations of underwriting and rating practices of commercial risks, several insurers were required to perform re-rating reviews for the periods specified. As a consequence of these reviews the insurers refunded $998,373 in premium overcharges.

f. Underpayments Remitted to Claimants

As a result of findings of previous market conduct investigations into compliance with Insurance Department Regulations 64 and 68, insurers sign stipulations whereby they agree to review all automobile no-fault and/or automobile physical damage claim files as designated in the stipulations and remit all underpayments to insureds and/or claimants. As a result of the terms of the stipulations, four insurers remitted $158,788.

g. Dividend Classification

As a result of an in-house market conduct investigation, it was determined that the Greater New York Mutual Insurance Company was using a workers' compensation dividend classification plan prior to submission to the Department for approval. For this violation of Section 4106-NYIL, a fine in the amount of $2,000 was imposed.

11. Gap Insurance

Legislation enacted as part of the Omnibus Consumer Protection and Banking Act of 1994 (Chapter 1 of the Laws of 1994) added gap insurance as a new kind of insurance. The law authorizes motor vehicle gap insurance for lessees as well as motor vehicle lessor insurance for lessors that sell gap waivers. The law also authorizes motor vehicle gap insurance for borrowers and lenders under credit transactions, such as loan agreements. Gaps exist under a lease if a lessee of a vehicle that is totaled or stolen has a financial obligation to the lessor that exceeds the actual cash value of the vehicle as determined by the lessee's physical damage insurer. Gaps exist under a loan agreement when at the time of the loss the size of the outstanding loan balance exceeds the actual cash value of the motor vehicle.

Currently, lessors often sell what they call "gap insurance" to cover the difference between the lessee/borrower's total obligation and the car's actual cash value. The lessor, however, is actually selling a waiver which eliminates the lessee's obligation in the event of a total loss or theft. As of June 30, 1995, a lessor is not permitted to sell a waiver on consumer leases unless an appropriate gap insurance policy is purchased from a licensed property/casualty insurer. Lessors or lenders that fail to comply with the requirements are considered to be conducting an insurance business without a license in violation of the Insurance Law. The legislation also authorizes gap insurance for leases and loans on personal property other than motor vehicles.

As of February 16, 1996, 67 insurers and one rate service organization have filed applications to amend their license to include authorization for gap insurance, out of which 54 have been licensed to date. Several form and rate filings for these programs are under review and two lender/lessor programs have been approved.

12. Automobile Insurance

a. No-Fault Motor Vehicle Insurance Law Activity - 1995

Insurance Department Administration of the Optional Arbitration System:

Effective with disputes arising out of accidents occurring on and after December 1, 1977, the Department administers the arbitration of no-fault disputes involving the payment of first-party benefits to claimants. The volume of requests for arbitration began to increase in 1990 with the number of requests processed rising from 9,457 in 1989 to 13,371 in 1992, an increase of 41%. However, in 1993 the volume of arbitration requests that were processed declined to 12,205, down 9% from the prior year's level.

The volume of arbitration cases showed a slight increase in 1994, going up approximately 2% over the year to a level of 12,398. In 1995 the volume of arbitration cases increased dramatically from the prior year's level to 19,380, an increase of 6,982 cases. This 56% rise in no-fault arbitration requests appears to be primarily the result of increased use of the arbitration system by health providers. These assignee cases increased by 75%, from 8,504 cases in 1994 to 14,895 cases in 1995.

All requests for no-fault arbitration are put through a pre-screening process that rejects incomplete arbitration requests as well as those that are not properly filed and those that should not have been filed at all. This pre-screening process returned approximately 25% of all no-fault arbitration requests received by the Department. It is estimated that in excess of 25,000 arbitration requests were reviewed last year and it appears that the screening process has resulted in a reduction in the number of cases processed and the removal of many of those that would have been easily resolved or withdrawn by Department examiners. This screening process also identifies arbitration requests that are projected to have little likelihood of conciliation and forwards those directly to arbitration.

Of the disputes received in 1995, 2,467 were successfully conciliated by Department examiners. The Department's conciliation rate of 22.9% represents a decrease from the 29.8% experienced in 1994. This decrease is primarily due to the increase in arbitration requests received in 1995. In addition, 4,552 requests for arbitration were forwarded directly to arbitration, bypassing the conciliation process entirely.

The promulgation of the Twentieth Amendment to Regulation 68, effective July 1, 1988, changed the structure of the No-Fault Arbitration System in order to establish a more equitable and efficient system for the adjudication of no-fault disputes. The Amendment reduced the number of arbitration forums from four to two by eliminating the Expedited Arbitration forum, which was administered by the American Arbitration Association (AAA), and the Health Service Arbitration forum, which was administered by the Workers' Compensation Board. Insurance Department Arbitration (IDA) resolves disputes involving the correct computation of health service provider fees, amounts in dispute under $400, and disputes solely involving interest and attorneys' fees. All other disputes fall under the jurisdiction of the American Arbitration Association. The arbitrators employed under the new system have become experts in the adjudication of no-fault disputes, resulting in more consistent application of the no-fault law and regulations.

The IDA's expanded role under the Twentieth Amendment resulted in the adjudication of 975 cases in 1995, a 15.4% decrease from the 1,152 cases decided in 1994. This accounted for 9.1% of all cases filed for arbitration in 1995. Accordingly, 32% of all no-fault cases closed in 1995 were resolved either through conciliation by the Insurance Department or by the Department's arbitration forum (IDA).

The Department's direct involvement in the arbitration process contributes to the consistent application of the no-fault law as well as substantial savings in arbitration administrative expenses and legal fees paid by no-fault insurers.

Table 39
DISPOSITION OF NO-FAULT ARBITRATION CASES
1993-1995

	1995		1994		1993	
	No. of Cases	Percent of Closed Cases	No. of Cases	Percent of Closed Cases	No. of Cases	Percent of Closed Cases
Total Cases Received by the Department	19,380	---	12,398	---	12,205	---
Disposition: Disputes Conciliated by the Department	2,467	22.9%	2,740	29.8%	2,796	26.7%
Transmitted for arbitration to: American Arbitration Forum (AAA)	7,309	68.0	5,284	57.5	6,338	60.4
Insurance Department Arbitration Forum (IDA)	975	9.1	1,152	12.5	1,335	12.7
IDA and AAA Concurrently	2	*	10	0.1	22	0.2
Total Transmitted for Arbitration	8,286	77.1	6,446	70.2	7,695	73.3
Total Closed	**10,753**	**100.0**	**9,186**	**100.0**	**10,491**	**100.0**
Pending Disposition	8,627		3,212		1,714	

*less than 0.1

TABLE 40
SOURCES OF APPLICATIONS FOR NO-FAULT ARBITRATION
1993-1995

	1995		1994		1993	
	No. of Disposition Cases	Percent of Total	No. of Disposition Cases	Percent of Total	No. of Disposition Cases	Percent of Total
Applications Made by Assignee	14,895	76.9%	8,504	68.6%	7,358	60.3%
Applications Made by Claimants	4,485	23.1	3,894	31.4	4,847	39.7
Total	**19,380**	**100.0%**	**12,398**	**100.0%**	**12,205**	**100.0%**

b. No-Fault Law Changes

Chapter 726 of the Laws of 1993 amended New York's no-fault law in order to permit motor vehicle insurers to provide no-fault managed care programs for their policyholders who elect to have their health care services provided pursuant to such programs. The managed care coverage differs from that presently provided by no-fault insurers because it requires, except in very limited circumstances, that all health-related matters be administered through a managed care organization.

The purpose of this legislation is to reduce costs and enhance the quality of medical and other health care services applicable to motor vehicle no-fault insurance policyholders, covered persons, insurers and self-insurers by providing managed care alternatives for delivery of such services. If the insurer provides a managed care program, insureds, at their option, can choose either to participate in the managed care program or remain with the traditional fee-for-service no-fault coverage.

Effective August 15, 1995 the Twenty-Third Amendment to Regulation 68 and the Twenty-Second Amendment to Regulation 83 were adopted, implementing Chapter 726 of the Laws of 1993.

c. Fifth Amendment to Regulation 64

Regulation 64, in part, contains specific procedures that were established to assure that consumers would receive fair and equitable settlements of automobile total loss claims. This Amendment furthers that goal by establishing an additional method that may be utilized by insurers to make such fair and equitable settlement offers. An insurer is permitted to make a settlement offer based on an approved computerized data base that produces statistically valid fair market values for substantially similar vehicles. This settlement method is currently widely used by the insurance industry to settle total losses throughout the country. Furthermore, the rule provides the insured with a right of recourse that can be utilized if the amount offered in settlement of a claim is not sufficient to purchase a comparable vehicle. In addition, the rule updates the depreciation schedule applicable to newer vehicles.

d. Consumer Guide for Automobile Insurance

On October 1, 1995 the Department published the 1995 Consumers Guide on Automobile Insurance. This guide is required by Section 337 of the Insurance Law to be updated every year. The comprehensive guide helps consumers determine how much auto insurance they need and explains all mandatory and optional coverages in New York State. The guide contains lists of insurers, phone numbers, and sample rates to facilitate comparison shopping as well as other helpful hints. Copies of the guide were distributed to every Department of Motor Vehicles office and public library in the State and are available free of charge from the Insurance Department.

e. Changes in Laws of Relevance to Auto Insurers

(i) Minimum Limits Increased

Circular Letter No. 15, dated October 3, 1995 advised insurers of the increased minimum limits of liability for motor vehicle insurance coverages pursuant to the financial security laws of the State. The new requirements became effective on January 1, 1996 and apply to all accidents occurring on and after that date. The Circular Letter advised insurers to make any necessary rate and form filings and to issue notices to all affected policyholders explaining the statutory changes in minimum limits.

The following is a summary of the minimum financial responsibility limits effective January 1, 1996:

- The bodily injury liability (BI) limits are $25,000 per person, $50,000 per accident. The property damage liability (PD) limit is $10,000 per accident. Limits for wrongful death remain at $50,000 per person, $100,000 per accident.
- Statutory uninsured motorists (UM) limits and the minimum limits for optional supplementary uninsured motorists (SUM) are $25,000 per person, $50,000 per accident. Limits for wrongful death remain at $50,000 per person, $100,000 per accident.
- For vehicles that carry or transport passengers for hire and motor vehicles owned and operated by a municipality, the minimum limits are as follows:

Seating Capacity	BI injury limit ($ 000)	BI death limit ($ 000)
1 - 7	25/50	50/100
8 - 12	25/80	50/150
13 - 20	25/120	50/150
21 - 30	25/160	50/200
over 30	25/200	50/250

(ii) Multi-tier Programs for Private Passenger Motor Vehicle Insurance

During 1995, the Legislature amended the Insurance Law by creating a new section 2349 which permits multi-tier programs for private passenger motor vehicle insurance. Regulation 150 effective December 1, 1995 establishes the standards for multi-tier programs. Multi-tiering allows insurers to move a portion of their policyholders from lower-rated tiers to higher rated tiers within an approved multi-tier program. Thus, policyholders will be able to remain with a voluntary insurer rather than being nonrenewed and forced to seek coverage through the New York Automobile Insurance Plan (Assigned Risk Plan). Thus far, two insurers have received approval for multi-tier programs pursuant to this regulation.

(iii) Flexible Rating for Private Passenger Motor Vehicle Insurance

During 1995, the Legislature amended the Insurance Law by creating a new section 2350 which replaced the prior approval system for private passenger rates with a flexible rating system (flex-rating). The new system which became effective on July 1, 1995 is a blend of prior approval and competitive rating. It allows periodic overall rate changes within a flex-band of plus or minus 7% a file and use basis, and requires the Superintendent's approval of overall rate changes beyond that band. However, no more than one rate increase during any 12-month period is permitted without prior approval.

The law also requires that the insurer issue a notice to named insureds of its intention to change the rate and its reason(s) for the change.

(iv) Discount for Daytime Running Lamps

During 1995, the Legislature amended the Insurance Law by creating a new Subsection (g) of Section 2336 which requires an appropriate reduction in premium charges for automobiles equipped with daytime running lamps (DRLs). This reduction must be applied to the following coverages: bodily injury liability, property damage liability, personal injury protection (no-fault), medical payments and collision. This reduction is required to be applied on all policies issued, renewed or modified on or after January 1, 1996.

13. Homeowners Insurance

a. New York Coastal Area Guidelines

During 1995, property/casualty insurers have continued to re-evaluate the concentration of their business in any geographic area in order to determine their individual exposure to catastrophic storms. While homeowners insurance is generally still available on Long Island and other coastal areas as a whole, due to storms like Hurricane Andrew, insurers continue to revise their eligibility criteria by limiting the number of policies written, as well as not writing within a specific distance from shore.

The Insurance Department has continued to be actively involved in finding solutions to this ongoing problem. Besides meeting with the industry and sending market surveys to all homeowners insurers in New York State, the Department has participated in community meetings. The most recent, held on September 20, 1995 on the subject of "Protecting Home and Family from a Severe Storm," was sponsored by Assemblyman Harvey Weisenberg. Previously, the Department had attended community meetings sponsored by Assemblyman Weisenberg on August 25, 1993, and Senator Guy J. Velella, Chairman of the Task Force on Catastrophe Insurance, in August 1994. The Department also met with Long Island homeowners, community leaders and local legislators to discuss the problems and arrive at workable solutions. In addition, testimony was given before the New York State Assembly's Insurance Committee and Long Island Barrier Beaches Subcommittee at a public hearing held on September 30, 1993.

After discussions with all interested parties and after conducting extensive studies of all companies writing homeowners insurance on Long Island, the Department analyzed various alternative measures. Based on that analysis, the Department established guidelines in Circular Letter No. 11 issued on September 14, 1993, and further refined in Supplement No. 1 to Circular Letter No. 11 issued on October 27, 1993. It is anticipated that the utilization of innovative underwriting tools will enable those insurance companies with heightened concerns about the catastrophic potential posed by hurricanes to continue to provide comprehensive homeowners coverage for shoreline residents. However, Circular Letter No. 11 (1993) Supplement No. 2 dated 6/15/95, advises that the Department will entertain any suggestions to determine if they would be of any value as an alternative to the guidelines contained in is Circular Letter and Supplements.

These guidelines included criteria to be used by insurers in applying windstorm deductibles and in creating wrap-around policies. The Department will insist that any windstorm deductible be accompanied by an appropriate premium reduction. It is anticipated that the introduction of windstorm deductibles will provide meaningful coverage for shoreline homeowners, while recognizing the real risks associated with such business.

The New York Property Insurance Underwriting Association (NYPIUA), also known as the FAIR Plan, will provide fire, windstorm and extended coverages including damage to contents for homeowners who cannot find coverage in the voluntary market. However, the premium for such coverage is 20% higher than that in the voluntary market and the FAIR Plan does not provide protection for theft or personal liability. A consumer would then have to purchase these other coverages separately at a higher cost.

If a homeowner can obtain a policy only through NYPIUA, the Circular Letter contains guidelines that allow insurers to issue wrap-around coverage forms. These wrap-around coverage forms provide the remaining components of a comprehensive homeowners (liability and theft) policy not sold by NYPIUA. NYPIUA will provide either an actual cash value policy or a replacement cost policy to complement the wrap-around endorsements. By the close of 1995 the Department had approved wrap-around filings for seven insurers and the Underwriters Rating Board, a rate service organization.

The Department in March 1995 conducted a survey of all carriers licensed to write homeowners insurance requesting information regarding participation in the Coastal Market Assistance Reference Table (C-MART), and the Coastal Market Assistance Program (C-MAP), and asked whether insurers intended to submit a windstorm deductible filing. Subsequently an updated C-MART listing was assembled providing the names of insurers willing to write beyond a certain distance from the shore for each geographic area as well as the telephone numbers and/or agents of those insurers.

It should be noted that our survey for 1995 revealed that insureds' policies are not being cancelled mid-term, and most insurers are continuing to renew homeowners policies beyond the three-year required policy period subject to stricter underwriting guidelines. However, a number of companies are not writing new business on Long Island because they feel they are over concentrated in the area. The C-MAP is another program the Department believes could help Long Islanders in need of coverage. C-Map began operations on April 1, 1996.

The Department's objectives are to maximize consumer protections, encourage risk management, emphasize responsible underwriting, and facilitate voluntary market homeowners insurance coverage in shore communities. If insurers do not respond voluntarily to this public need, the Department warned it will recommend to the Governor and the Legislature measures to insist that the insurance industry act responsibly.

b. Computer Hurricane Simulation Models in Rate Filings

An analysis of recent rate filings revealed that some of the proposed rate revisions were not based on past claims, but rather on the potential that a hurricane would hit Long Island. The filings contain a catastrophe factor developed from a computer simulation that would predict the amount of loss for numerous projected storms and the probability that such storms would make landfall in New York. These models have indicated catastrophic loadings of more than 20% in some cases. Historically, approximately 2% of the homeowners premium is attributed to catastrophic loading.

The developers of these models have not disclosed all of the underlying assumptions used in the development of the catastrophe factors. Inasmuch as the Department cannot review these assumptions, the Department has no alternative but to disallow the use of these computer simulations.

It should be noted that if an insurer provides the Department with the underlying assumptions needed to review the model, there is still a concern that because of current federal tax laws, the revenue generated by the models would be considered profit. There is no mechanism in the law to allow insurers to hold these funds as reserves. Thus there is no incentive for insurers not to distribute these funds to shareholders.

14. Rate Adjustments of Individual Policyholders

Certain complaints and inquiries are handled independent of the Consumer Services Bureau. A total of 2,604 such complaints and inquiries were received in 1995. This total consisted of 1,433 involving personal automobile insurance (including 1,010 no-fault complaints and inquiries), 110 involving commercial automobile insurance (including 7 no-fault complaints and inquiries), 187 involving homeowners insurance, 350 involving other liability insurance, 79 involving commercial multiple peril, 101 involving medical malpractice insurance, 40 involving title insurance, and 308 involving all other types of insurance (fire and allied lines, surety and inland marine, workers' compensation.

Casualty Actuarial

Casualty Actuarial reviews rate filings for workers' compensation insurance and private passenger automobile insurance. All workers' compensation filings are subject to prior approval. Prior to July 1, 1995, all private passenger automobile filings were subject to prior approval. Effective July 1, 1995, private passenger automobile filings are subject to flex-rating. Under flex-rating, voluntary overall rate changes of plus or minus 7% are not subject to prior approval. Such filings can be submitted and used. However, voluntary overall rate changes greater than plus or minus 7% are subject to prior approval. Private passenger automobile and workers' compensation insurance are the largest (in terms of premium volume) of the property/casualty coverages, accounting for roughly $10 billion of premium writings in 1995.

1. <u>Private Passenger Automobile Insurance Rate Changes</u>

Automobile insurance is vital to New Yorkers; drivers cannot register their cars unless they purchase automobile insurance. Insurers' rate submissions may include requests for changes in classification relativities, innovative rating rules or other modifications. These changes must be adequately justified.

In 1995, the Department approved 51 rate requests for changes in private passenger automobile rates. Many approved rate increases reflect some reduction from the requested changes. Furthermore, in 1995 there were 11 overall rate changes implemented on a file and use basis. Table 41 lists both requested and approved rate changes as well as flex-rating changes and provides the liability and physical damage components of the approved changes.

The average rate change for insurers that received rate changes in 1995 was approximately 5.5%. The 62 insurers that received rate changes in 1995 represent 55% of the total market for private passenger automobile insurance. The overall impact on the rate level was an average increase of 3.0%.

Table 41

Private Passenger Automobile Rate Changes Approved in 1995[1]

Renewal Effective Date	Insurer	Market Share (%)	Requested % Change	Approved % Change[2] Liability	Physical Damage	Total
12/1/95	AIPSO	14.33	7.7	7.3	-13.9	5.8
5/15/95	State Farm Mutual	10.88	5.5	14.3	-9.3	5.1
3/10/95	Aetna C&S;Auto.of Hartford;Standard Fire	3.44	12.7	13.8	-3.8	7.3
8/15/95	Travelers Ins Group[3]	2.97	0.3	8.7	-13.0	0.3
2/10/95	Liberty Mutual Fire; Liberty Ins Corp	2.90	8.2	12.7	-1.0	7.2
4/1/95	New York Central Mutual Fire	2.81	3.9	11.8	-10.9	3.9
10/1/95	CNA Ins Group	1.99	11.4	19.0	-3.4	11.6
4/3/95	Allstate Indemnity Co	1.55	0.8	17.5	-10.3	0.8
12/1/95	Royal Ins Group[3]	1.40	-1.6	0.7	-6.0	-1.6
9/27/95	Prudential Ins Group	1.26	9.1	13.4	0.8	9.1
7/31/95	Commercial Union Ins Group[3]	1.12	4.1	7.7	-1.4	4.1
6/1/95	Hanover Ins Group	1.00	13.7	22.0	-3.3	13.4
5/15/95	State Farm Fire & Casualty	0.95	11.6	21.6	-7.4	9.4
11/16/95	Colonial Penn Ins Group[4]	0.92	2.0	2.0	2.0	2.0
11/15/95	Hartford Ins Co of the Midwest	0.89	10.9	24.9	-10.0	10.9
9/1/95	Empire Ins Group	0.74	4.0	6.2	0.0	4.0
8/4/95	National Grange Mut. Ins Co	0.69	4.4	18.6	-17.5	6.0
4/17/95	Chubb Ins Group	0.61	2.0	12.8	-9.0	1.1
7/1/95	Motors Ins Co; CIM Ins Co	0.56	2.6	0.0	2.6	2.6
7/1/95	Maryland Casualty Ins Group	0.54	14.7	27.8	-2.8	14.7
4/25/95	Worldwide Underwriters Group	0.38	3.4	11.6	-10.1	3.4
11/15/95	Preferred Mutual Ins Co[3]	0.34	0.3	6.5	-11.5	0.3
5/1/95	Countrywide Ins Co	0.26	11.4	12.1	0.0	11.4
6/19/95	Firemen's Fund Ins Group	0.25	6.2	10.6	0.0	6.2
4/1/95	State-Wide Ins Co	0.22	6.6	9.3	-5.8	5.6
10/1/95	Home Mutual Ins Co[3]	0.21	5.7	12.0	-7.7	5.7
5/28/95	St. Paul Fire & Marine; St. Paul Guardian	0.21	9.2	22.3	-5.1	9.2
2/15/95	CIGNA Group	0.21	25.0	23.5	2.8	16.3
12/15/95	Peerless Ins Co;Excelsior Ins Co	0.20	5.2	6.9	2.7	5.2
3/1/95	Home Ins Co;Home Indemnity;City Ins	0.19	25.3	20.1	3.8	13.8
9/13/95	American International Ins Group	0.18	19.5	17.1	-1.9	11.0
10/9/95	U.S. Capital Ins Co	0.18	11.7	11.8	11.6	11.7
11/1/95	TIG Ins Co;TIG Ins Co of New York	0.17	11.8	19.6	1.8	11.8
6/9/95	Amex Assurance Co	0.15	9.3	15.0	-1.0	7.9
10/20/95	Windsor Ins Co[3]	0.11	-0.9	2.6	-8.3	-0.9
10/3/95	Eveready Ins Co[3]	0.10	0.0	0.0	0.0	0.0
1/1/96	Exchange Ins Co[3]	0.07	2.0	2.0	2.0	2.0
8/15/95	American National Fire Ins Co	0.07	23.1	25.1	-13.7	19.7
2/2/96	National General Ins Co	0.07	5.7	10.1	0.0	5.7
1/1/96	Sterling Ins Co	0.06	7.0	11.7	0.0	7.0
4/1/95	Capital Mutual Ins	0.06	9.8	9.2	11.0	9.8
8/1/95	Michigan Millers Mutual Ins Co	0.05	6.4	14.1	-3.7	6.4
1/1/96	Internat'l;No. River;Westchestr Fire Ins Cos	0.05	40.1	33.9	10.0	26.2
8/6/95	Utica First Ins Co	0.02	5.0	51.2	-41.4	5.0
7/1/95	Holyoke Mutual Ins Co in Salem	0.02	6.3	24.2	-18.6	6.3

Table 41
(concluded)

Private Passenger Automobile Rate Changes Approved in 1995[1]

Renewal Effective Date	Insurer	Market Share (%)	Requested % Change	Approved % Change[2] Liability	Physical Damage	Total
8/1/95	Yasuda Fire & Marine Ins Co of America	0.01	5.1	15.1	-0.7	5.1
1/1/96	Amerisure Ins Co	0.01	13.1	26.4	-0.1	13.1
1/15/96	Eagle Ins Co	0.01	5.1	6.8	-13.9	5.1
4/28/95	Sentry Ins Co	0.01	6.0	15.5	-6.3	5.9
1/1/96	American Hardware Mutual Ins Co	0.01	9.8	28.4	-11.4	9.8
7/1/95	Central Mutual Ins Co	0.00	-1.0	12.7	-19.4	-1.0
6/1/95	New Jersey Manufacturers Ins Co	0.00	4.0	24.0	-14.6	4.0
1/26/96	SAFECO Ins Group[3]	0.00	7.0	14.1	-2.2	7.0
5/1/95	Cincinnati Ins Co	0.00	-20.5	-11.5	-28.1	-20.5
2/15/96	Progressive Northeastern Ins Co (new)	0.00	9.5	15.9	-0.4	9.4
5/1/95	Granite State Ins Co (new)	0.00	0.0	0.0	0.0	0.0
1/15/96	Lion Ins Co	0.00	3.5	6.4	0.0	3.5
9/1/95	Utica National Ins Co of Texas (new)	0.00	0.0	0.0	0.0	0.0
1/25/95	Erie Ins Co of New York (new)	0.00	0.0	0.0	0.0	0.0
1/1/96	GEICO Casualty Co	0.00	4.2	21.1	-13.6	5.6
9/1/95	New York Merchant Bakers Ins Co (new)	0.00	0.0	0.0	0.0	0.0
10/1/95	Erie Ins Co[3]	0.00	-6.7	-6.1	-7.3	-6.7

Average liability change for insurers receiving rate changes	11.34%
Average physical damage change for insurers receiving rate changes·	-7.08%
Average change for insurers receiving rate changes	5.45%
Total written premium of the above listed insurers (000's)	$4,168,645
Percentage of total industry premium affected (cumulative market share)	55.42%
Overall effect on the total industry premium from above changes	3.02%

[1] Rates are based upon 1995 prior approval and flex-rating changes to the Insurance Law. Insurers' "use and file" downward deviations based upon §2328 of the New York Insurance Law have not been included.
[2] All rate changes are calculated using premiums obtained from 1993 Annual Statement data.
[3] Flex-rating changes

2. New York Automobile Insurance Plan Rate Changes

The New York Automobile Insurance Plan (Assigned Risk Plan) received a 5.8% rate increase in 1995 for private passenger automobiles written through the Assigned Risk Plan, covering those drivers who cannot obtain coverage in the voluntary market. (Note: The 5.8% increase differs from the 4.9% increase in Table 41 because a slightly different premium distribution was used.) The change was effective October 15 for new business and December 1 for renewal business. The change was comprised of a 7.3% increase for liability coverages and a 13.9% decrease for physical damage coverages. The last Plan rate change was an 8.7% increase effective July 15, 1994 for new business and September 1 for renewals.

a. Plan Experience in 1994 and 1995

(i) Number of Policies Written

Net Policies written through the (Assigned Risk Plan) decreased 3.0% over the year, from 1,173,696 in 1994 to 1,138,192 in 1995. Table 42 shows policies by coverage and issuance category for 1994 and 1995. The data include single and multi-car risks for both private passenger and commercial policies.

(ii) Earned Car Years

An important indicator of the size of the Assigned Risk Plan is earned car years. This reflects the size of the Plan as measured by the duration of coverage. (One car insured for one year is one earned car year.) The number of private passenger automobiles (not including commercial autos) insured through the Plan increased 1.5% for liability and decreased 9.8% for collision from 1993 to 1994. Table 43 shows a ten-year history for voluntary liability and assigned risk liability and collision earned car years. This marks the fourth consecutive year that assigned risk collision earned car years decreased from the previous year.

(iii) Risks by Surcharge Category

There were 1,276,617 private passenger earned car years for liability and 64,053 for collision coverage insured through the Plan in 1994. Table 44 shows the distribution of New York private passenger liability and collision assigned risks by surcharge category for 1992, 1993 and 1994.

(iv) Risks by Rating Territory

Table 45 shows the proportion of all private passenger liability assigned risk earned car years to total earned car years by rating territory for 1993 and 1994. During 1993, 16.1% of all New York State private passenger automobiles were assigned risks as opposed to 16.4% in 1994. The number of voluntary risks decreased 49,091 while the number of assigned risks increased 18,995. The proportion of assigned risks was 10% or higher in 33 of the 70 rating territories in 1993 and was 10% or higher in 32 of the 70 in 1994. The highest 1994 ratio was 86.0% in the Bronx Territory and the lowest was 4.7% in the Syracuse Suburban Territory. Between 1993 and 1994, the percentage of assigned risks increased in 29 of the 70 rating territories and decreased in 41 rating territories. As usual, the congested urban areas of New York City produced the highest assigned risk-to-voluntary ratios in the State.

Table 46 displays a ten-year history of the percentage of assigned to voluntary risks by territory ranked from the highest to the lowest (as of 1994).

Table 42

NEW YORK AUTOMOBILE INSURANCE PLAN
Policies Written
1994 and 1995

Period	Original Policies	Renewal Policies	Cancellations	Net Policies Written*	Percent Change
			Liability Only**		
1994	1,029,598	957,783	942,647	1,044,734	
1995	996,112	928,174	914,451	1,009,835	-3.3 %
			Physical Damage Only**		
1994	1,497	1,131	1,678	950	
1995	1,557	688	1,282	963	1.4
			Liability and Physical Damage Written Together**		
1994	108,619	93,628	74,235	128,012	
1995	103,828	88,751	65,185	127,394	-0.5
			Total All Policies		
1994	1,139,714	1,052,542	1,018,560	1,173,696	
1995	1,101,497	1,017,613	980,918	1,138,192	-3.0

*Net Policies Written is the sum of Original Policies and Renewal Policies less Cancellations.
**Policies are written for Liability and Physical Damage separately as well as for Liability and Physical Damage combined.
Source: Data from New York State licensed companies reporting to the Automobile Insurance Plans Service Office (subject to verification).

Table 43

Earned Car Years
Voluntary Liability and Assigned Risk Liability and Collision
1985 - 1994

Calendar Year	Voluntary Liability	Change From Previous Year	Assigned Risk Liability	Change From Previous Year	Combined Liability	Change From Previous Year	Assigned Risk Collision	Change From Previous Year
1985	5,950,717		867,917		6,818,634		54,110	
1986	6,038,283	1.5 %	1,022,690	17.8 %	7,060,973	3.6 %	63,975	18.2 %
1987	6,241,010	3.4	1,173,197	14.7	7,414,207	5.0	83,019	29.8
1988	6,474,315	3.7	1,262,811	7.6	7,737,126	4.4	93,237	12.3
1989	6,427,253	-0.7	1,285,315	1.8	7,712,568	-0.3	112,538	20.7
1990	6,472,573	0.7	1,322,054	2.9	7,794,627	1.1	124,142	10.3
1991	6,585,328	1.7	1,321,828	-0.0	7,907,156	1.4	108,409	-12.7
1992	6,475,638	-1.7	1,331,695	0.7	7,807,333	-1.3	83,824	-22.7
1993	6,536,919	0.9	1,257,622	-5.6	7,794,541	-0.2	70,991	-15.3
1994	6,487,828	-0.8	1,276,617	1.5	7,764,445	-0.4	64,053	-9.8

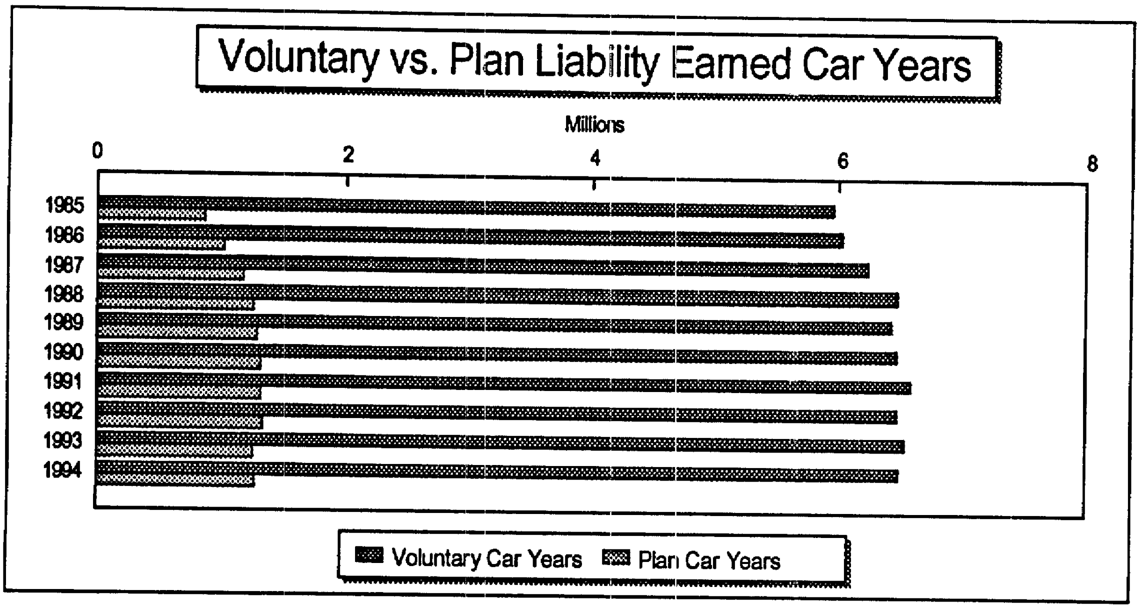


Table 44

Distribution of Private Passenger Liability and Collision Assigned Risks by Discount/Surcharge Category

	Liability			Physical Damage*		
Discount or Surcharge Category	1992	1993	1994	1992	1993	1994
Total, all categories	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Total Unsurcharged	**65.9**	**69.1**	**69.8**	**64.2**	**66.3**	**67.3**
3 Years Claim Free (One or less with Plan) (Manual Rates)	40.7	40.9	39.6	38.7	38.4	36.6
Experience Discount						
4 Years (One or more with Plan) - 18% Credit	11.0	11.8	13.0	12.0	12.0	13.4
5 Years (Two or more with Plan) - 25% Credit	7.1	7.6	7.5	8.1	8.7	8.9
6 Years (Three or more with Plan) - 30% Credit	7.0	8.8	9.7	5.4	7.2	8.4
Total Surcharged	**34.1**	**30.9**	**30.2**	**35.8**	**33.7**	**32.7**
Inexperienced Operator Surcharge	13.8	12.8	12.4	8.0	7.4	7.9
Experience Surcharge						
15%	12.1	11.4	11.0	16.5	16.0	15.4
25%	0.0	0.0	0.0	0.0	0.0	0.0
35%	3.2	2.7	2.5	5.0	4.6	4.0
50%	1.2	1.1	1.2	1.4	1.2	1.3
75%	1.6	1.4	1.2	2.3	2.1	1.9
100%-150%	2.2	1.5	1.9	2.6	2.3	2.2

* Discount/Surcharge for physical damage applies only to collision coverage.
Source: Automobile Insurance Plans Service Office

Table 45

Private Passenger Earned Car Years by Voluntary, Assigned Risk and Combined Markets (including Ranking by Percentage of Risks Placed in the Plan) 1993 and 1994

	Territory	1993 Assigned	1993 Voluntary	1993 Combined	1993 A/R as % of Comb.	1993 RANK	1994 Assigned	Change from 1993	1994 Voluntary	Chg. from 1993	1994 Combined	Chg. from 1993	A/R as % of Comb	RANK
01	Bronx Territory	39,421	7,672	47,093	83.7	1	41,492	2071	6,747	-925	48,239	1146	86.0	1
19	Queens	30,204	29,043	59,247	51.0	2	32,045	1841	20,539	-8504	52,584	-6663	60.9	2
03	Bronx Suburban Territory	69,456	84,420	153,876	45.1	4	69,488	32	79,461	-4959	148,949	-4927	46.7	3
18	Manhattan	60,853	72,077	132,930	45.8	3	62,478	1625	71,937	-140	134,415	1485	46.5	4
17	Kings County	146,015	188,414	334,429	43.7	5	149,249	3234	172,672	-15742	321,921	-12508	46.4	5
55	Queens Suburban	178,707	312,510	491,217	36.4	6	186,474	7767	304,033	-8477	490,507	-710	38.0	6
94	Mount Vernon and Yonkers	26,091	74,510	100,601	25.9	7	26,637	546	72,291	-2219	98,928	-1673	26.9	7
82	Sullivan County Central	2,667	9,378	12,045	22.1	8	2,550	-117	9,937	559	12,487	442	20.4	8
05	Staten Island	33,363	148,714	182,077	18.3	9	34,805	1442	143,763	-4951	178,568	-3509	19.5	9
76	Suffolk County East	54,515	319,816	374,331	14.6	15	59,432	4917	309,701	-10115	369,133	-5198	16.1	10
20	Hempstead	65,546	366,706	432,252	15.2	11	68,590	3044	361,772	-4934	430,362	-1890	15.9	11
81	Monticello-Liberty	1,860	11,023	12,883	14.4	16	1,797	-63	9,658	-1365	11,455	-1428	15.7	12
75	Suffolk County West	69,229	403,479	472,708	14.6	14	74,104	4875	406,293	2814	480,397	7689	15.4	13
83	Sullivan County (Balance)	2,841	15,889	18,730	15.2	10	2,867	26	16,535	646	19,402	672	14.8	14
07	Buffalo	16,070	95,265	111,335	14.4	17	15,643	-427	94,712	-553	110,355	-980	14.2	15
95	White Plains	5,578	55,885	61,463	9.1	40	5,887	309	35,994	-19891	41,881	-19582	14.1	16
97	New York City Suburban	27,320	159,188	186,508	14.6	13	27,628	308	171,676	12488	199,304	12796	13.9	17
64	Middletown	16,143	90,343	106,486	15.2	12	15,885	-258	98,890	8547	114,775	8289	13.8	18
62	Highland, Kingston	10,163	63,552	73,715	13.8	18	10,067	-96	63,722	170	73,789	74	13.6	19
34	Troy	6,996	47,380	54,376	12.9	20	6,769	-227	45,209	-2171	51,978	-2398	13.0	20
29	Gloversville	3,225	21,786	25,011	12.9	19	3,053	-172	21,235	-551	24,288	-723	12.6	21
21	North Hempstead	17,557	128,779	146,336	12.0	21	17,838	281	128,707	-72	146,545	209	12.2	22
37	Oswego	4,368	32,095	36,463	12.0	22	3,977	-391	29,012	-3083	32,989	-3474	12.1	23
68	Rockland County	19,136	146,330	165,466	11.6	23	18,531	-605	146,875	545	165,406	-60	11.2	24
22	Oyster Bay	23,483	200,892	224,375	10.5	32	24,060	577	195,537	-5355	219,597	-4778	11.0	25
36	Glens Falls	4,180	33,651	37,831	11.0	26	4,141	-39	33,724	73	37,865	34	10.9	26
46	Putnam County	7,084	54,603	61,687	11.5	24	6,783	-301	55,898	1295	62,681	994	10.8	27
33	Poughkeepsie	9,858	77,168	87,026	11.3	25	9,242	-616	77,500	332	86,742	-284	10.7	28
58	Dutchess County (Balance)	8,709	70,695	79,404	11.0	28	8,528	-181	72,068	1373	80,596	1192	10.6	29
67	Clinton County, etc.	32,753	266,345	299,098	11.0	29	31,331	-1422	269,275	2930	300,606	1508	10.4	30
61	Delaware County, etc.	12,822	107,473	120,295	10.7	31	12,363	-459	108,073	600	120,436	141	10.3	31
74	Jefferson County	6,644	53,743	60,387	11.0	27	6,043	-601	53,858	115	59,901	-486	10.1	32
65	Ossining	16,729	138,207	154,936	10.8	30	16,142	-587	146,918	8711	163,060	8124	9.9	33
32	Newburgh	6,345	66,100	72,445	8.8	45	6,144	-201	57,337	-8763	63,481	-8964	9.7	34
13	Albany	14,056	132,463	146,519	9.6	34	14,034	-22	131,324	-1139	145,358	-1161	9.7	35

Territory		1993 Assigned	1993 Voluntary	1993 Combined	1993 A/R as % of Comb.	1993 RANK	1994 Assigned	Change from 1993	1994 Voluntary	Chg. from 1993	1994 Combined	Chg. from 1993	1994 A/R as % of Comb	1994 RANK
14	Niagara Falls	6,679	57,808	64,487	10.4	33	6,303	-376	61,732	3,924	68,035	3,548	9.3	36
59	Columbia County, etc.	6,781	65,421	72,202	9.4	36	6,533	-248	64,478	-943	71,011	-1,191	9.2	37
52	Fort Plain, Herkimer	3,362	32,968	36,330	9.3	38	3,338	-24	32,985	17	36,323	-7	9.2	38
56	Saratoga County (Balance)	1,956	19,966	21,922	8.9	41	1,811	-145	18,161	-1,805	19,972	-1,950	9.1	39
47	Orleans County	2,256	22,532	24,788	9.1	39	2,192	-64	22,663	131	24,855	67	8.8	40
84	Allegany County, etc.	16,037	156,272	172,309	9.3	37	15,587	-450	161,257	4,985	176,844	4,535	8.8	41
31	Chautauqua County	6,880	73,384	80,264	8.6	46	6,871	-9	71,486	-1,898	78,357	-1,907	8.8	42
54	Cortland County, etc.	16,377	168,619	184,996	8.9	43	15,584	-793	167,620	-999	183,204	-1,792	8.5	43
43	Niagara Falls Suburban	2,905	27,966	30,871	9.4	35	2,791	-114	30,301	2,335	33,092	2,221	8.4	44
12	Syracuse	17,901	199,001	216,902	8.3	49	17,451	-450	195,877	-3,124	213,328	-3,574	8.2	45
35	Amsterdam	1,622	19,487	21,109	7.7	53	1,649	27	18,682	-805	20,331	-778	8.1	46
51	Ontario County, etc.	14,858	152,502	167,360	8.9	42	14,031	-827	159,324	6,822	173,355	5,995	8.1	47
73	Rensselaer County (Balance)	3,009	30,989	33,998	8.9	44	2,932	-77	33,367	2,378	36,299	2,301	8.1	48
09	Schenectady County	7,694	85,891	93,585	8.2	50	7,283	-411	87,094	1,203	94,377	792	7.7	49
41	Erie County (Balance)	4,595	79,194	83,789	5.5	65	4,353	-242	52,170	-27,024	56,523	-27,266	7.7	50
30	Saratoga Springs	1,544	22,410	23,954	6.4	60	1,387	-157	16,672	-5,738	18,059	-5,895	7.7	51
24	Rome	1,953	30,984	32,937	5.9	62	1,907	-46	23,126	-7,858	25,033	-7,904	7.6	52
11	Rochester	29,271	335,705	364,976	8.0	51	29,629	358	359,906	24,201	389,535	24,559	7.6	53
28	Binghamton	8,884	111,454	120,338	7.4	56	8,516	-368	108,681	-2,773	117,197	-3,141	7.3	54
16	Saratoga Springs Suburban	3,145	33,857	37,002	8.5	47	3,098	-47	39,692	5,835	42,790	5,788	7.2	55
44	Broome County (Balance)	1,167	12,667	13,834	8.4	48	1,065	-102	13,714	1,047	14,779	945	7.2	56
86	Oneida	3,022	37,365	40,387	7.5	54	2,878	-144	37,420	55	40,298	-89	7.1	57
48	Monroe County Balance	1,119	34,785	35,904	3.1	70	1,025	-94	13,357	-21,428	14,382	-21,522	7.1	58
25	Auburn	1,855	26,567	28,422	6.5	59	1,727	-128	23,263	-3,304	24,990	-3,432	6.9	59
60	Genesee County	2,645	35,084	37,729	7.0	57	2,497	-148	35,332	248	37,829	100	6.6	60
42	Buffalo Suburban	12,228	151,320	163,548	7.5	55	11,602	-626	164,168	12,848	175,770	12,222	6.6	61
72	Albany County (Balance)	756	9,027	9,783	7.7	52	705	-51	10,270	1,243	10,975	1,192	6.4	62
49	Niagara County (Balance)	1,932	32,666	34,598	5.6	64	1,795	-137	27,289	-5,377	29,084	-5,514	6.2	63
08	Buffalo Semi-Suburban	11,800	163,991	175,791	6.7	58	11,293	-507	176,910	12,919	188,203	12,412	6.0	64
27	Elmira	2,546	44,229	46,775	5.4	67	2,601	55	43,541	-688	46,142	-633	5.6	65
15	Utica	3,502	51,571	55,073	6.4	61	3,335	-167	60,013	8,442	63,348	8,275	5.3	66
40	Corning	1,075	18,726	19,801	5.4	68	990	-85	18,844	118	19,834	33	5.0	67
71	Saratoga County South	1,917	30,632	32,549	5.9	63	1,771	-146	34,496	3,864	36,267	3,718	4.9	68
39	Rochester Suburban	1,960	33,893	35,853	5.5	66	1,687	-273	34,009	116	35,696	-157	4.7	69
38	Syracuse Suburban	2,402	42,392	44,794	5.4	69	2,303	-99	47,045	4,635	49,348	4,554	4.7	70
	Entire State	1,257,622	6,536,919	7,794,541	16.1		1,276,617	18,995	6,487,828	(49,091)	7,764,445	(30,096)	16.4	

Table 46

Percentage of All Private Passenger Automobiles Insured Through Assigned Risk Plan, by Territory 1985-1994

	Territory	1985	#	1986	#	1987	#	1988	#	1989	#	1990	#	1991	#	1992	#	1993	#	1994	#
01	Bronx Territory	71.2	1	76.8	1	79.2	1	79.7	1	81.1	1	81.6	1	81.7	1	82.9	1	83.7	1	86.0	1
19	Queens	45.9	2	51.7	2	54.5	2	54.5	2	55.1	2	55.4	2	52.8	2	51.9	2	51.0	2	60.9	2
03	Bronx Suburban Territory	33.4	4	37.6	5	40.7	5	42.1	5	44.2	5	45.7	5	46.0	4	48.1	3	45.1	4	46.7	3
18	Manhattan	38.1	3	41.3	3	43.0	3	43.7	3	45.2	4	45.9	4	46.2	3	47.1	4	45.8	3	46.5	4
17	Kings County	33.2	5	38.8	4	42.5	4	43.4	4	45.4	3	46.0	3	45.1	5	46.3	5	43.7	5	46.4	5
55	Queens Suburban	24.6	6	28.0	6	30.6	6	32.1	6	33.7	6	34.6	6	35.2	6	36.9	6	36.4	6	38.0	6
94	Mount Vernon and Yonkers	18.4	7	21.2	7	23.2	7	24.0	7	25.1	7	26.1	7	25.8	7	26.6	7	25.9	7	26.9	7
82	Sullivan County Central	15.9	8	17.7	8	19.9	8	20.4	8	21.3	8	21.7	8	21.2	8	23.2	8	22.1	8	20.4	8
05	Staten Island	12.3	12	14.5	11	15.5	11	15.8	12	16.1	10	16.6	9	17.3	9	18.9	9	18.3	9	19.5	9
76	Suffolk County East	14.2	9	15.4	9	16.1	9	16.1	10	15.9	13	15.7	13	15.8	11	15.6	15	14.6	15	16.1	10
20	Hempstead	11.5	16	13.0	16	14.1	16	14.4	16	14.5	16	14.5	14	14.9	15	15.6	16	15.2	11	15.9	11
81	Monticello-Liberty	12.0	13	13.8	12	15.0	13	15.7	13	16.1	11	14.5	15	13.6	20	15.2	17	14.4	16	15.7	12
75	Suffolk County West	13.9	10	15.1	10	16.0	10	16.1	9	16.1	12	16.0	11	15.8	10	15.7	14	14.6	14	15.4	13
83	Sullivan County (Balance)	11.9	14	12.9	17	14.1	17	14.5	15	15.1	14	16.0	12	15.3	12	16.3	10	15.2	10	14.8	14
07	Buffalo	10.8	17	13.4	14	14.3	15	14.0	17	14.1	19	14.5	17	15.3	13	15.9	12	14.4	17	14.2	15
95	White Plains	11.7	15	13.2	15	14.3	14	14.6	14	14.8	15	13.1	24	10.8	33	9.2	47	9.1	40	14.1	16
97	New York City Suburban	9.7	24	11.2	23	12.2	24	12.5	25	13.2	23	14.4	18	15.0	14	15.7	13	14.6	13	13.9	17
64	Middletown	10.7	19	12.2	18	13.1	19	13.5	21	13.6	21	13.9	20	14.1	17	16.1	11	15.2	12	13.8	18
62	Highland, Kingston	10.1	22	12.0	19	13.3	18	13.9	18	14.1	18	14.4	19	13.8	19	14.2	18	13.8	18	13.6	19
34	Troy	8.7	29	11.0	24	12.4	22	13.4	23	13.3	22	13.5	22	13.0	22	13.2	21	12.9	20	13.0	20
29	Gloversville	8.8	27	10.4	29	11.9	26	13.4	22	14.2	17	14.5	16	14.0	18	14.0	19	12.9	19	12.6	21
21	North Hempstead	9.3	25	10.4	27	11.3	33	11.3	33	11.3	33	11.5	32	11.9	27	12.5	23	12.0	21	12.2	22
37	Oswego	12.5	11	13.4	13	15.0	12	16.0	11	16.2	9	16.5	10	14.7	16	13.4	20	12.0	22	12.1	23
68	Rockland County	10.3	20	11.6	20	12.3	23	12.4	26	12.3	28	12.1	30	12.0	25	12.3	25	11.6	23	11.2	24
22	Oyster Bay	10.7	18	11.3	22	11.6	29	11.3	34	11.0	34	10.9	35	11.0	32	11.3	32	10.5	32	11.0	25
36	Glens Falls	6.9	44	9.5	33	12.0	25	13.7	19	13.9	20	13.7	21	13.1	21	12.7	22	11.0	26	10.9	26
46	Putnam County	10.0	23	10.8	25	11.7	28	11.9	31	12.1	31	12.3	29	11.9	26	12.2	26	11.5	24	10.8	27
33	Poughkeepsie	10.3	21	11.6	21	12.7	20	13.1	24	13.2	24	13.4	23	12.8	23	12.5	24	11.3	25	10.7	28
58	Dutchess County (Balance)	8.9	26	10.2	30	11.6	30	12.1	30	12.4	27	12.4	28	11.8	28	12.0	28	11.0	28	10.6	29
67	Clinton County, etc.	8.8	28	10.4	28	11.8	27	12.3	28	12.7	25	12.8	25	12.4	24	12.0	29	11.0	29	10.4	30
61	Delaware County, etc.	6.7	48	7.8	49	8.9	46	9.6	45	9.7	45	9.9	42	10.5	36	11.2	33	10.7	31	10.3	31
74	Jefferson County	8.2	32	10.0	32	11.5	32	12.4	27	12.1	30	12.4	27	11.8	29	12.0	27	11.0	27	10.1	32
65	Ossining	8.5	31	9.4	35	10.2	37	10.7	37	10.8	36	11.1	34	11.2	30	12.0	30	10.8	30	9.9	33
32	Newburgh	8.5	30	10.1	31	11.5	31	12.1	29	12.6	26	12.7	26	10.7	34	9.4	43	8.8	45	9.7	34
13	Albany	7.0	43	8.4	42	9.7	41	10.3	39	10.5	39	10.7	36	10.6	35	10.4	34	9.6	34	9.7	35
14	Niagara Falls	7.2	40	9.0	39	10.6	36	11.1	35	10.8	35	10.7	37	11.0	31	11.7	31	10.4	33	9.3	36
59	Columbia County, etc.	8.0	35	9.1	36	9.9	39	9.8	44	9.7	44	9.8	45	9.3	42	9.7	39	9.4	36	9.2	37
52	Fort Plain, Herkimer	6.3	50	7.4	50	8.5	50	8.6	52	8.8	52	9.0	49	8.8	46	9.5	42	9.3	38	9.2	38
56	Saratoga County (Balance)	8.0	33	10.8	26	12.6	21	13.5	20	12.2	29	10.4	39	9.0	44	9.4	44	8.9	41	9.1	39
47	Orleans County	7.8	36	9.0	37	10.7	35	11.5	32	11.4	32	11.1	33	10.4	37	10.1	35	9.1	39	8.8	40
84	Allegany County, etc.	7.5	39	8.3	43	9.3	43	9.9	43	9.9	43	9.9	43	9.7	39	10.1	36	9.3	37	8.8	41
31	Chautauqua County	5.5	59	6.7	57	8.1	53	8.6	53	9.0	49	9.0	48	8.7	48	9.1	50	8.6	46	8.8	42
54	Cortland County, etc.	7.1	41	8.6	41	10.0	38	10.6	38	10.7	37	10.5	38	9.9	38	10.0	37	8.9	43	8.5	43
43	Niagara Falls Suburban	7.7	37	9.0	38	9.1	45	9.4	46	9.5	46	9.3	46	9.1	43	9.5	41	9.4	35	8.4	44
12	Syracuse	6.8	46	8.0	46	8.8	47	8.9	50	8.9	50	9.2	47	9.3	41	9.3	46	8.3	49	8.2	45

Table 46
Percentage of All Private Passenger Automobiles Insured through New York Automobile Insurance Plan, by Territory
1985-1994
(concluded)

	Territory	1985	#	1986	#	1987	#	1988	#	1989	#	1990	#	1991	#	1992	#	1993	#	1994	#
35	Amsterdam	5.8	55	6.7	56	7.8	56	8.1	57	7.7	62	7.9	59	7.7	60	8.3	55	7.7	53	8.1	46
51	Ontario County, etc.	7.7	38	8.9	40	9.8	40	10.0	41	10.1	41	9.8	44	9.5	40	9.9	38	8.9	42	8.1	47
73	Rensselaer County (Balance)	5.6	58	6.9	53	8.2	52	9.0	48	9.1	48	8.9	50	8.8	47	9.4	45	8.9	44	8.1	48
09	Schenectady County	6.7	47	8.0	48	8.7	49	8.9	51	8.8	51	8.8	51	8.7	50	8.9	52	8.2	50	7.7	49
41	Erie County (Balance)	8.0	34	9.5	34	11.0	34	10.9	36	10.5	38	10.3	41	8.5	53	6.4	65	5.5	65	7.7	50
30	Saratoga Springs	5.8	53	8.1	45	9.6	42	10.0	42	10.0	42	10.4	40	8.9	45	7.2	61	6.4	60	7.7	51
24	Rome	6.1	51	7.0	52	7.9	55	8.1	55	7.9	60	5.9	67	5.0	69	5.3	69	5.9	62	7.6	52
11	Rochester	5.2	63	6.3	62	7.4	62	8.0	58	8.2	55	8.5	55	8.7	49	8.9	51	8.0	51	7.6	53
28	Binghamton	5.3	61	6.0	64	6.8	63	7.2	63	7.5	63	7.7	62	7.5	62	7.8	56	7.4	56	7.3	54
16	Saratoga Springs Suburban	4.9	67	6.5	60	7.8	57	7.9	59	7.7	61	7.9	60	8.5	51	9.7	40	8.5	47	7.2	55
44	Broome County (Balance)	7.0	42	8.1	44	8.8	48	9.0	49	8.6	53	8.8	52	8.1	54	9.1	48	8.4	48	7.2	56
86	Oneida	6.6	49	7.4	51	7.9	54	8.3	54	8.2	54	8.5	54	8.5	52	8.7	53	7.5	54	7.1	57
48	Monroe County(Balance)	6.9	45	8.0	47	9.2	44	10.1	40	10.3	40	11.8	31	7.9	56	4.1	70	3.1	70	7.1	58
25	Auburn	5.4	60	6.7	55	7.5	61	7.8	62	8.0	58	8.6	53	7.9	58	7.3	60	6.5	59	6.9	59
60	Genesee County	5.8	52	6.6	59	7.8	58	8.1	56	8.1	56	8.3	57	7.9	57	7.7	57	7.0	57	6.6	60
42	Buffalo Suburban	5.8	54	6.9	54	7.6	60	7.8	60	7.9	59	7.8	61	7.8	59	8.3	54	7.5	55	6.6	61
72	Albany County (Balance)	5.6	56	6.7	58	8.4	51	9.2	47	9.1	47	8.5	56	8.0	55	9.1	49	7.7	52	6.4	62
49	Niagara County (Balance)	5.6	57	6.4	61	7.6	59	7.8	61	8.0	57	8.1	58	7.7	61	6.7	62	5.6	64	6.2	63
08	Buffalo Semi-Suburban	5.0	65	6.1	63	6.7	64	6.8	65	6.7	66	6.5	64	6.7	64	7.3	59	6.7	58	6.0	64
27	Elmira	3.7	70	4.2	70	4.8	70	4.8	70	4.8	70	5.3	70	5.3	68	5.7	68	5.4	67	5.6	65
15	Utica	3.8	69	4.6	69	5.2	69	5.5	69	5.5	69	6.4	66	7.4	63	7.6	58	6.4	61	5.3	66
40	Corning	5.1	64	5.9	65	6.4	65	6.7	66	6.7	64	6.7	63	6.5	65	6.5	64	5.4	68	5.0	67
71	Saratoga County South	4.4	68	5.2	68	6.2	66	6.8	64	6.7	65	6.5	65	4.4	70	6.7	63	5.9	63	4.9	68
39	Rochester Suburban	5.0	66	5.3	67	5.7	68	5.8	68	5.6	68	5.5	69	5.7	67	6.2	66	5.5	66	4.7	69
38	Syracuse Suburban	5.3	62	5.6	66	6.1	67	6.0	67	5.9	67	5.8	68	5.8	66	6.0	67	5.4	69	4.7	70
	Entire State	**12.7**		**14.5**		**15.8**		**16.3**		**16.7**		**17.0**		**16.7**		**17.1**		**16.1**		**16.4**	

3. Workers' Compensation Insurance Rate Changes

a. Rate Revision Effective October 1, 1995

A decrease of 5.0% in workers' compensation insurance rates became effective on October 1, 1995. The 5.0% decrease was made up of two components: an 8.4% reduction due to improving loss experience, medical fee schedule changes, and other elements; and a 3.7% increase in the New York State Assessment. In addition, there was a change in the rate multiplier from 80 to 95.

This revision marked the first time the Department accepted experience indications based on "case-basis" losses rather than "total incurred," the traditional method. Total incurred data includes all the experience, known and estimated, for a given time period at a given point in time. Case-basis losses include known and estimated figures on reported claims only. It is based on more accurate data but is a smaller percentage of the ultimate payout and is, therefore, susceptible to greater development error.

b. Examination of the New York Compensation Insurance Rating Board (NYCIRB)

In February 1995, the examination of the NYCIRB by Milliman and Robertson and Arthur Andersen and Co., done on behalf of the Department, was filed with the Department. The examination found that the procedures of the NYCIRB were basically sound. The report did, however, contain numerous suggestions for improvement.

Table 47
Workers' Compensation Dividend Plans Approved in 1995
(see below for plan types)

COMPANY	PLAN TYPE	FILING DATE	EFF. DATE
Atlantic Specialty Insurance Company	B	03/14/95	07/13/95
Camden Fire Insurance Association	C	06/12/95	06/28/95
Fidelity and Guaranty Insurance Company	B,D	06/08/94	06/14/95
Fidelity and Guaranty Insurance Underwriters, Inc.	B,D	06/08/94	06/14/95
Firemens' Insurance Company of Washington, DC	B,D	02/23/95	03/14/95
FICO Insurance Company	B,D	02/23/95	03/14/95
General Assurance Company	C	06/12/95	06/28/95
Graphic Arts Mutual Insurance Company	B	05/10/95	09/01/95
Graphic Arts Mutual Insurance Company	C	06/16/95	09/01/95
Graphic Arts Mutual Insurance Company	D	08/31/95	12/11/95
Great American Insurance Company	A	06/19/95	08/01/95
Merchants Insurance Company of New Hampshire	B	10/17/95	03/01/96
North River Insurance Company	B	11/08/95	12/04/95
Northbrook Indemnity Insurance Company	B	06/13/95	12/01/95
Northbrook National Insurance Company	A,B	06/13/95	12/01/95
Northbrook National Insurance Company	B	10/16/95	12/01/95
Oriska Insurance Company	B	03/14/95	07/13/95
Patriot General Insurance Company	B	05/24/95	08/23/95
Pennsylvania General Insurance Company	C	06/12/95	06/28/95
Potomac Insurance Company of Illinois	C	06/12/95	06/28/95
Republic-Franklin Insurance Company	C	06/16/95	09/01/95
Republic-Franklin Insurance Company	D	08/31/95	12/11/95
St. Paul Fire and Marine Insurance Company	B,D	09/29/95	12/05/95
Tower Insurance Company	B,C	06/06/95	06/29/95
Travelers Indemnity Company of America	B	10/13/95	10/24/95
United States Financial and Guaranty Company	B,D	06/08/94	06/14/95
Utica Mutual Insurance Company	C	08/31/95	09/01/95
Utica Mutual Insurance Company	D	08/31/95	12/11/95
Utica National Insurance Company of Texas	B	05/17/95	09/01/95
Utica National Insurance Company of Texas	D	08/31/95	12/11/95

PLAN TYPES: A = Flat; B = Sliding Scale Loss Ratio; C = Safety Group; D = Retention

c. Inter-Agency Task Force on Work Place Safety

Chapter 729 of the Laws of 1993 (among other provisions including the establishment of a managed care pilot project) established the Inter-Agency Task Force on Work Place Safety to study the "feasibility of developing an integrated, uniform, statewide data collection system" for workers' compensation insurance. The multi-agency group consisted of the members of the Workers' Compensation Board, the State Insurance Fund and the Departments of Labor, Health, Civil Service and Insurance. The NYCIRB. later joined to take part in deliberations.

The Task Force was charged with establishing a data base that could generate loss profiles and develop loss prevention strategies for the State and for individual industries and classes. Its report, submitted to the Legislature in April 1995, contained numerous suggestions concerning data collection, dissemination of safety information and cost containment.

4. Property/Casualty Insurance Security Fund (PCISF) Net Value and Contributions

Pursuant to Article 76 of the New York State Insurance Law, the Superintendent is required to annually determine the PCISF net value and any necessary PCISF contributions. To this end, there exists a Security Fund Task Force, consisting of members from many Bureaus in the Insurance Department, which formulates guidelines for calculating both the PCISF net value and the quarterly contributions. In order for the Superintendent to have the necessary flexibility to carry out the statutory obligations concerning the PCISF and the dynamic insurance market in general, the Task Force periodically reviews and revises the PCISF guidelines as circumstances warrant. A subgroup of this Task Force, consisting primarily of members from Casualty Actuarial, annually calculates the PCISF net value and any necessary quarterly contributions.

Prior to 1988, contributions were last required in 1973. In 1988, contributions resumed as a consequence of the Superintendent's determination that the fund's net value as of 12/31/87 had fallen below $150 million. By statute, the quarterly contributions for the 1988 fund year were due on May 15, 1988, August 15, 1988, November 15, 1988 and February 15, 1989. Similarly, contributions continued through 1992. For the 1993 fund year, the Superintendent determined that the PCISF net value was greater than $150 million. Therefore, except for contributions that were due on February 15, 1993 from the prior fund year, no additional contributions were required in 1993. The same circumstances held true for the 1994 and 1995 fund years. Table 43 displays the amount of the estimated PCISF contributions per quarter since the 1988 fund year. The variations from year to year in the magnitude of the estimated quarterly contributions reflect, in part, the variability associated with the PCISF payouts for awards and expenses and the PCISF dividends (returns from estates in liquidation) over the years.

Table 48

PCISF Contributions

1988-1995

Fund Year	Estimated Quarterly Contributions
1988	$15.0 million
1989	37.5 million
1990	5.5 million
1991	25.0 million
1992	7.5 million
1993-95	-0-

*During 1993, settlement was reached with respect to **Alliance of American Insurers, et al. v. Chu, et al.** (Albany County, Index No. 3279/88). The 1993, 1994 and 1995 fund years' net value and contributions described herein reflect the impact of the settlement.*

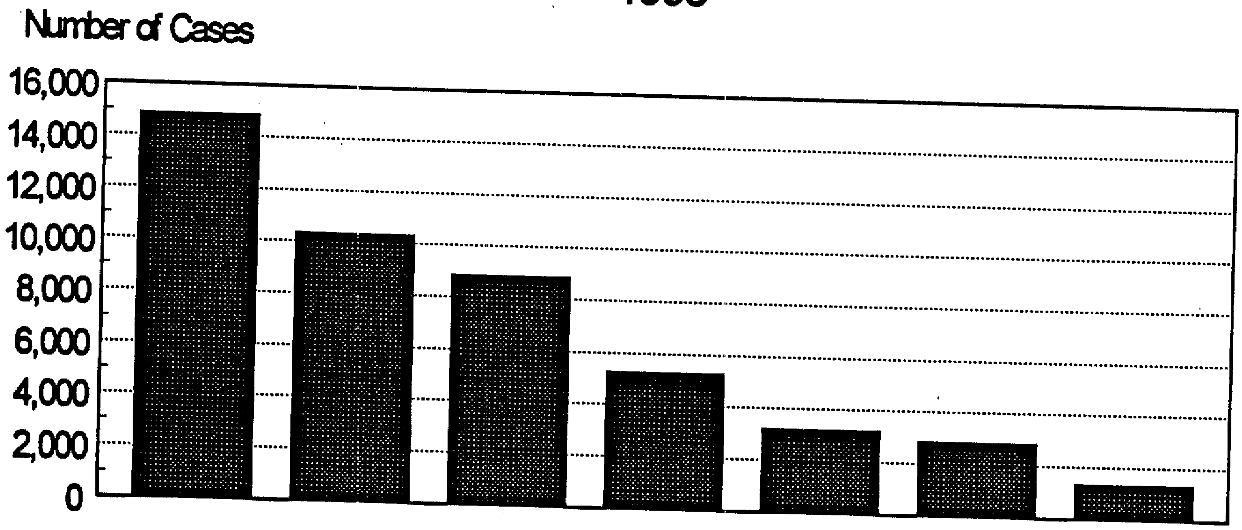
E. CONSUMER SERVICES BUREAU

The Consumer Services Bureau is the arm of the Department that has as its primary function the responsibility to respond to consumer complaints and inquiries and to investigate the actions of licensed producers. The Bureau closed a total of 46,666 cases in 1995. Of these, 33,754 involved loss settlements or policy provisions, of which 44% were automobile complaints, 31% were accident and health complaints, 16% were property and liability complaints and 9% were life and annuity complaints. Another 8,839 cases involved complaints against agents, brokers and adjusters. Written inquiries and miscellaneous complaints accounted for an additional 2,850 cases and referrals accounted for another 1,346 cases. All told the Bureau received 41,502 cases during 1995.

Total Complaints & Investigations Closed

Consumer Services Bureau

1995



Auto	A & H	Agents,Brokers,Adj.	Property/Casualty	Life& Annuity	Inquiries & Misc.	Referrals
14,846	10,319	8,839	5,262	3,204	2,850	1,346

The Bureau responded to nearly 200,000 calls on the Albany information line and 300,000 calls on the New York City information line. The Bureau's telephone system is an attendant system whereby the caller listens to a menu of topics and selects one by pressing the appropriate number on the dial. The caller is also given the option of speaking to an insurance information specialist. The Bureau also maintains a toll-free line that will access a multi-lingual telephone service. This interpretative service, provided by AT&T Language Line Services, can translate 140 languages.

In addition, the Bureau, through a dedicated toll-free line, responded to 9,641 calls from consumers on issues relating to the New York State Partnership for Long Term Care. The Partnership was established under a grant by the Robert Wood Johnson Foundation and was authorized by the Governor and the State Legislature in 1989. Private insurers began offering Partnership contracts in March of 1993.

The Program allows individuals to qualify for Medicaid after their long-term care policy benefits are exhausted without divesting themselves of their assets. In this way, the Program encourages self-sufficiency by guaranteeing asset protection for policyholders and the saving of the State's Medicaid funds. In addition, the Bureau mailed Partnership literature to thousands of consumers and cooperated with both the Department of Social Services and the State Office for the Aging on consumer issues related to long-term care insurance.

N.Y.S. Partnership for Long Term Care
Consumer Calls
January - December 1995

January	703
February	1,096
March	934
April	1,600
May	972
June	771
July	563
August	803
September	646
October	593
November	545
December	415
Total	**9,641**

Disaster Preparedness/Emergency Management

The Bureau has expanded its participation in the activities of the State Emergency Management Office (SEMO). In that connection, the Bureau has prepared a disaster preparedness plan that outlines the steps to be taken in anticipation of a natural disaster as well as those tasks to be performed if such a disaster strikes. In 1995, the Bureau provided assistance to consumers who were affected by disasters as follows:

Following a severe windstorm in Jefferson, Lewis and St. Lawrence counties in July, Governor Pataki declared a state of emergency in the three counties and adjacent areas. The Department established a toll-free telephone number to assist victims of the storm with any insurance-related problems. Insurers in the region are expected to pay claims in excess of $6 million.

The Department activated its Disaster Response Plan on August 25 to assist Long Island residents who suffered losses as a result of a rash of brush fires that plagued the area for more than a week. Department experts staffed a toll-free telephone line established to provide help to consumers unable to reach their insurers. In addition to normal business hours, the toll-free number remained in operation from 8 a.m. to 8 p.m. throughout the August 25-27 weekend. A press release was issued announcing the special assistance provisions.

As part of the Disaster Response Plan, the Department also contacted those insurers with the greatest share of the market affected by the fires, requesting that their claims offices be opened and staffed during the weekend. Those insurers complied with the request. In addition, insurers provided the Department with loss information regarding the fires.

In addition, Bureau representatives participated in the New York State Disaster Preparedness Conference sponsored by the New York State Disaster Preparedness Commission. The conference program is geared toward providing education and an active exchange of ideas about policies, programs and strategies for reducing the impact of disasters in New York State.

Other Bureau Activities

Bureau examiners staffed the Department's information booth at the State Fair held in Syracuse from August 23 through September 5, 1995. The examiners answered consumer questions, took complaints and distributed various Department consumer guides and booklets. The booth was well attended and over 13,000 publications were distributed to the public. The Bureau also staffed information stations at the New York State Consumer Protection Board's 25th Anniversary consumer fair, the Black and Puerto Rican Legislative Caucus, Somos El Futuro and the Black Arts Festival.

The Bureau continued to provide speakers as part of its program of assistance to senior citizens, for whom Medicare supplement and long-term care insurance were the issues of primary concern. Bureau staff participated in educational and training seminars on these issues for social workers and senior citizen representatives. As an example, the Bureau participated in the Health Insurance Information Counseling and Assistance Program (HIICAP) consortium, providing education for thousands of Medicare beneficiaries and their family members. Bureau staff assisted in developing the training video and training manual.

The Bureau continues to meet with representatives of insurance companies to review complaint data used to formulate the annual automobile and health rankings. These meetings also provide an opportunity to inform insurers of ways to improve claims-handling and underwriting practices. In addition, the Bureau is closely monitoring the response time of insurers to consumer complaints filed with the Bureau.

The Bureau is continually called upon by both our licensees and the general public to verify that health plans are licensed and legitimate. However, certain self-funded multiple employer programs may be exempt from the licensing provisions of New York State law (e.g., programs established pursuant to collective bargaining agreements). Bureau staff continues to investigate the activities of unlicensed health plans and third-party administrators--such as multiple employer welfare arrangements (MEWAs), unions, associations and other self-funded mechanisms--that operate as alternatives to traditional health insurance plans.

The Bureau is a member of the New York State Consumer Protection Board's Consumer Services Committee. The committee includes representatives of federal, state and local consumer protection agencies and nonprofit organizations. The Committee meets to share program initiatives with peers in an effort to keep abreast of consumer concerns. The Bureau participated in the Department's review of insurance regulations in accordance with Governor Pataki's Executive Order #2.

Table 49
CONSUMER SERVICES BUREAU CASES
Involving Loss Settlements or Policy Provisions
Closed in 1995

Line of Business	Total Processed	Upheld	Not Upheld	Other Action Taken
Total	33,754	6,174	21,900	5,680
Life and Annuities, Total	3,204	663	1,988	553
Individual Life	2,777	618	1,665	494
Individual Annuity	235	26	180	29
Group Life & Annuity	191	19	143	29
Viatical Settlements	1	0	0	1
Accident & Health, Total	10,319	2,656	6,044	1,619
Individual Accident & Health	931	153	623	155
Group Accident & Health	2,993	477	1,626	890
Article IX-C Corps.	6,181	1,973	3,660	548
Medicare	16	5	4	7
Medigap	176	43	117	16
Long-Term Care	22	5	14	3
Auto, Total	14,846	1,998	10,109	2,739
Auto Liability (B.I.)	1,115	138	876	101
Auto Liability (P.D.)	4,412	474	2,896	1,042
Auto Physical Damage	4,673	435	3,514	724
Auto No-Fault	4,645	951	2,822	872
NYAIP Taxicab/Limo Pool	1	0	1	0
Other Property & Liabil., Total	5,262	843	3,669	750
Liability Other Than Auto	505	79	330	96
Professional Malpractice	27	4	18	5
Fire & Extended Coverage	138	11	99	28
Homeowners	2,288	221	1,740	327
Inland Marine/Ocean Marine	74	9	46	19
Workers' Compensation	1,497	441	914	142
Commercial Multiple Peril	603	65	425	113
Burglary & Theft	14	0	11	3
Fidelity & Surety	58	9	38	11
Flood	6	1	3	2
Title	50	3	44	3
Gap	2	0	1	1
Miscellaneous	123	14	90	19

Table 50
CONSUMER SERVICES BUREAU CASES
Not Involving Loss Settlements or Policy Provisions
Closed in 1995

Subject of Cases or Investigations	Total Processed	Fines, Revocations & Other Actions	Upheld	Not Upheld
Total	8,839	6,321	462	2,056
Misleading Advertising	57	19	14	24
Application for License	1,707	1,646	23	38
Acting Without License	82	47	9	26
Aiding Unauthorized Company	533	385	8	140
Misappropriation of Premium	479	296	41	142
Issuing Bad Checks	1,066	918	49	99
Commingling	3	2	0	1
Rebating	6	2	1	3
Misrepresentation of Coverage	509	232	84	193
Excess Comp. Without Contract	65	22	3	40
Twisting	564	266	106	192
Public Adjusters, Prohibited Practices	33	18	0	15
Violation of NYAIP/NYPIUA Rules	373	212	12	149
Commission Disputes	160	49	28	83
Return Premium, Producer	115	35	10	70
Other Violations of Ins. Law	623	310	27	286
Violations of Other Law	49	21	3	25
Fraudulent NYAIP Application	671	308	1	362
Incorporators and/or Directors	1,234	1,234	0	0
Discriminating/Redlining	1	0	0	1
Illegal Insurance Enterprise	49	29	5	15
Ending of Agency/Broker Acct.	98	74	4	20
Miscellaneous Complaints	73	39	6	28
Delay in Issuing Policy	8	3	1	4
Policy Status	7	1	1	5
License Status, Company	0	0	0	0
Voluntary Surrender of License	50	49	1	0
Misleading Sales, Life	18	11	1	6
Other	206	93	24	89

F. INSURANCE FRAUDS BUREAU

The Insurance Frauds Bureau (IFB) was established by an act of the Legislature in 1981 as a law enforcement agency within the New York State Department of Insurance. Its primary mission is the detection, investigation and referral for prosecution of individuals and groups who commit insurance fraud. IFB staff consists of 32 investigators who are designated by the Superintendent as peace officers. IFB also has a staff of five insurance examiners and four clericals.

In July, former prosecutor and criminal investigator Laurence M. LaPointe was named by Superintendent Muhl as Director of the Frauds Bureau. Mr. LaPointe came to the Department from the New York State Department of Taxation & Finance's Office of Tax Enforcement, where he served for three years before becoming Director of that Department's Revenue Crimes Bureau in 1993. Prior to joining the Department of Taxation & Finance, Mr. LaPointe served for 11 years as an Assistant District Attorney for Suffolk County. He also served as a Special Assistant United States Attorney for the Organized Crime Strike Force, Eastern District of New York.

Section 405 of the Insurance Law requires the Superintendent to submit to the Governor and the Legislature by January 15 each year a comprehensive summary and assessment of the Frauds Bureau's efforts. Among the highlights of the *Insurance Frauds Bureau 1995 Report* were nearly $2 million in court-ordered restitution, individuals paying almost $2.5 million in voluntary restitution and savings to insurers of over $3.6 million. In addition, investigations conducted by the Frauds Bureau in 1995 resulted in a 22% increase over 1994 in the number of people arrested for insurance fraud. The Frauds Bureau also collected $271,563 in civil fines.

The Insurance Law authorizes the Frauds Bureau to impose civil penalties of up to $5,000 plus the amount of the claim on individuals who commit a fraudulent insurance act. Possession of a fraudulent automobile insurance card can result in a fine up to $1,000 for the first card and up to $5,000 for each additional card.

The Report also detailed some of the Bureau's most notable 1995 achievements including:

- The arrest of the owner, partner, and an employee of a travel agency in Astoria, Queens for selling nearly 300 fraudulent identification cards to livery drivers which provided the means for improper registration and illegal operation of hundreds of uninsured vehicles for hire.

- The indictments of four individuals on racketeering and mail fraud charges stemming from a multi-million dollar scheme to defraud the New York City Health and Hospitals Corporation and insurance companies, as well as livery, limousine, towing and rental businesses operating in New York City, Westchester and Rockland counties. The individuals issued false insurance documents and collected premiums for non-existent liability coverage.

- The break up of a Queens-based insurance fraud ring which submitted $350,000 in fraudulent claims to automobile insurers after staging accidents or deliberately damaging vehicles.

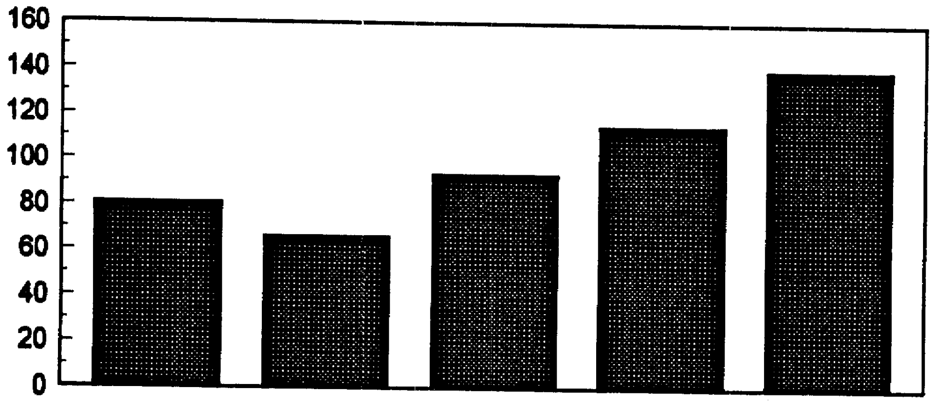
- The indictment of a manufacturing plant owner in Amsterdam, New York for setting fire to his building and trying to defraud the insurer of over $445,000.

- The arrest of a Rochester, New York pharmacist for billing Blue Cross/Blue Shield of Rochester for prescriptions that were never filled or for double billing. The amount received for the false billing was $426,000.

The Bureau's goals for 1996 as outlined in the Report include a new pilot project coordinated with Attorney General Dennis Vacco's office that will assign Assistant Attorneys General to the Frauds Bureau for three months at a time in order to involve prosecutors in the development of insurance fraud cases from their inception and maintain a close working relationship between prosecutors and investigators.

Copies of the complete *Insurance Frauds Bureau 1995 Report* are available through the Research Bureau at the Department's New York City Office.

FRAUDS BUREAU ARRESTS 1991-1995



1991	1992	1993	1994	1995
81	66	94	115	140

G. SYSTEMS BUREAU

The Systems Bureau (Systems) supports the Insurance Department's technical infrastructure, while providing information technology services to its over 900 employees. Clients include insurers, the public, federal, state and local agencies, actuaries, clerks, examiners, frauds investigators, real estate appraisers, lawyers, researchers and statisticians.

Systems provides general support services such as troubleshooting, training, consulting, maintenance and research and development. Help and Info Centers have been created in the Albany and New York City offices to support office automation, including electronic mail and word processing. The Bureau develops custom client/server applications, including databases and spreadsheets, while maintaining legacy mainframe systems, and uses sophisticated enabling technologies, including telecommunications, bar code scanning, imaging, optical character recognition and electronic data interchange (EDI).

The Bureau has two offices, one located in New York City and the other in Albany. Due to a major re-engineering initiative, the Bureau has developed a flexible organizational structure based on function, not geographic location. Using this method, the Bureau has eliminated duplication of effort and redundant management structures, as well as recognizing the Department's common, not geographically isolated, needs.

The Bureau consists of three units, each of which encompasses several sections: the Technical Services Unit (TSU), the Applications Services Unit (ASU) and the Financial Services Unit (FSU).

The Financial Services Unit (FSU) works with applications specific to the handling, processing and analysis of thousands of insurer financial statements. FSU is responsible for the automation, verification, troubleshooting, updating and maintenance of the annual statement, supplement and other diskette data capture projects, which form the Department's integrated financial database. The Data Entry, Forms Production and Help Center functions reside with this unit. The FSU assists users with all NAIC and in-house developed automated financial tools for monitoring insurer solvency, liquidity and profitability. The Unit also is responsible for managing the integrated financial general ledger and accounts receivable systems, supporting over $270 million in revenue accounts.

The Applications Services Unit (ASU) develops, enhances, maintains, purchases, supports and customizes applications not under the FSU. These systems support the Department's administration and bureau operations and aid in fulfilling regulatory requirements. Major applications development initiatives and modifications are made to incorporate changes in the New York State Insurance Law, rules and regulations and respond to industry crises. Other projects and changes result from updated business procedures or the need to eliminate inefficient and/or duplicate procedures.

The Technical Services Unit (TSU) maintains advanced platforms in the mainframe, minicomputer, LAN and microcomputer categories. TSU is responsible for database administration, network installation and maintenance, mainframe and minicomputer maintenance, all third-party software installation and maintenance, operational aspects of all systems, as well as site administration for office automation.

To provide the necessary mainframe power, the Bureau maintains an IBM ES9000/260. Two Wang VS computers, one located in New York City and one in Albany, are networked to the ES-9000 and provide office automation.

A major Systems' initiative for the Department is to migrate all computer hardware and software to one, unified platform. The traditional Wang and IBM networks are being converted to LANs. The Bureau has purchased, installed and now maintain two Novell NetWare Token Ring (16 megabit) networks. Gateways between the Wang systems and the IBM systems are being used during the transition period. TSU also supports a wide-area network (WAN), connecting Albany, New York City and remote offices to the LANs. The Wangs will be phased out by mid-1996 and the mainframe by 1998.

A 1995 data communications endeavor impacting all Department clients has been in the area of wide-area networking. Starting in 1994, Systems evaluated and planned for the purchase and installation of new routers. These are network management devices concerned with finding the best path through which data can be sent. Systems uses them to forward traffic between Albany, New York City, the NAIC offices and remote locations. These devices allow resources, both in the mainframe and local area network environments, to be shared and are vital to future connections in Long Island, Buffalo and remote locations.

Systems also began work on implementing frame relay service. In client/server technology, frame relay transports data across a wide-area network (WAN) in a far more reliable and efficient manner than dedicated circuits. The Bureau anticipates a 40% monthly cost savings using this technology, while increasing performance, reliability and inter-operability. The Bureau continued the conversion to the word processing package Word. Complete Department conversion is scheduled for May 1, 1996.

A highly productive Department project has been the installation of the LAN Faxgate. This service allows clients to send faxes directly from PCs without leaving their desks. The facility has been integrated with major applications, such as NYIMAIL and the Frauds System. It has been installed in the New York City Systems, Frauds and OGC as well as all Albany bureaus. Upgrades to the network operating system, as well as communications software and hardware have provided a more reliable, faster network.

Work in the strategic Department task of promoting the availability, accessibility and usability of data as a Department resource has been extraordinary during 1995. TSU has installed CD-ROM versions of NILS, West and Shepards for all attorneys and other clients. There has been a continuous program of installation and client demonstrations by the Financial Services Unit (FSU) staff. Other CD-ROM products such as the DDA PhoneDisk were also provided to client bureaus. In addition, Systems added two more 14 slot CD-ROM servers to support these many services. A catalogue, "CD-ROM and Outside Services," was created during 1995. It is available on the LAN, as well as the catalogue entitled "Major New York State Insurance Department Mainframe and Client/Server Computer Applications."

The FSU provides in-house support and training on the use of the Department's query tool, Questo, and the NAIC's financial subsystems. In 1995, all Albany and one third of New York City users were migrated to intelligent hub technology. The cable and communications hardware and software were also upgraded.

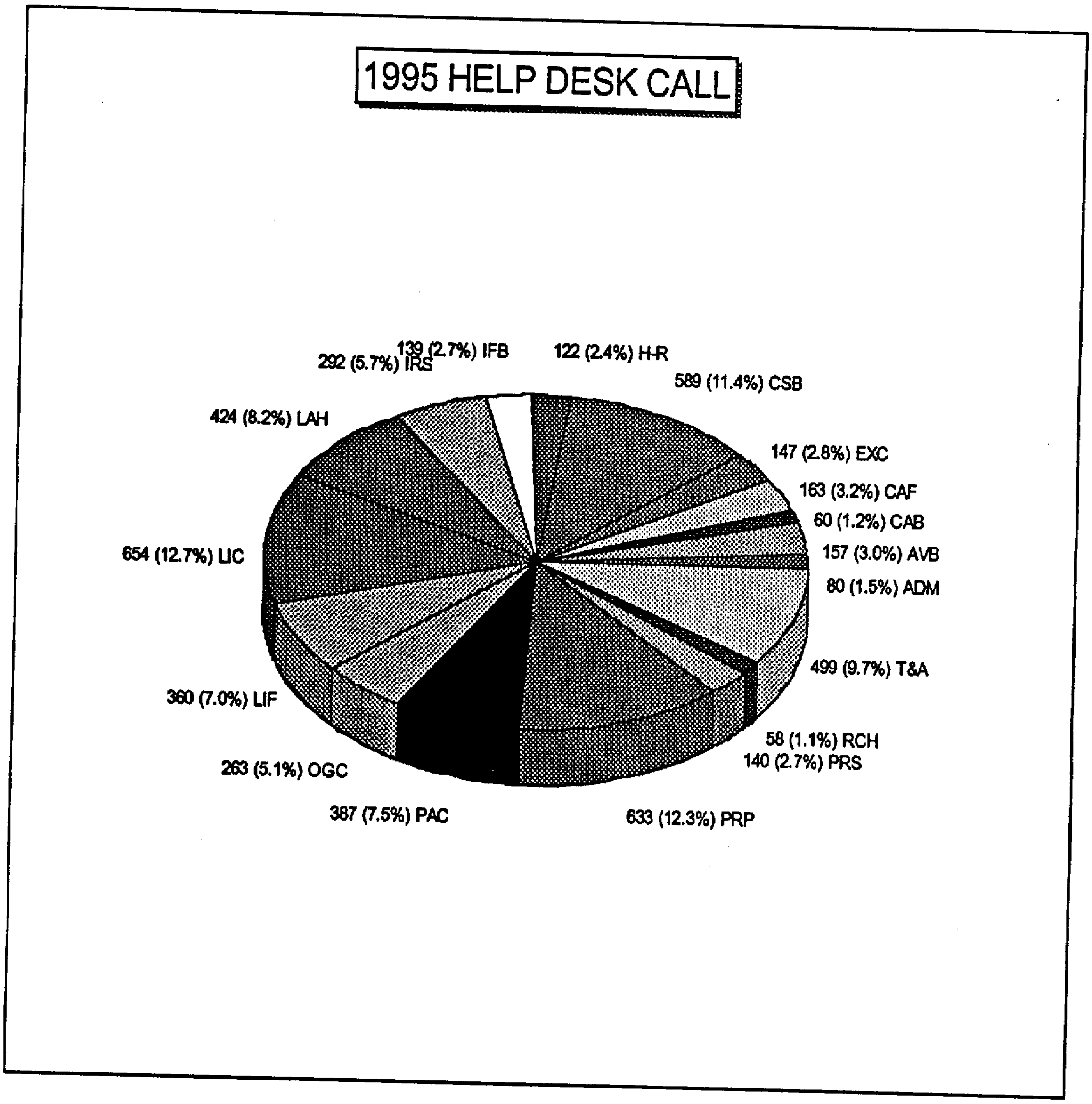
Systems increased the size of the laptop computer fleet from 195 to 228, while replacing more than 40 of the oldest GRID laptops with new IBM Thinkpads. The Bureau upgraded the standard platform due to power demands made by new software. The majority of the PC fleet was converted to a 486DX 66 MHZ platform during 1995.

A messaging and Department-wide library system was added to the LAN to allow paperless distribution of important documents. Among the documents currently available on-line are an Applications Catalogue from Systems, Department Regulations, NAIC Model Laws, the Employees' Handbook and a variety of manuals and forms.

During 1995, the FSU produced over 25 statistical tables to help produce the *Annual Report of the Superintendent*. They also produced the *Directory of Regulated Insurance Companies*, the *Annual Ranking of Auto Insurance Complaints* and the *Annual Ranking of Health Insurers*. A total of 2,839 annual statement pages were also copied, resulting in payments to the Department of $15,709.75, as well as 542 company certification completions, totaling payments to the Department of $2,936.00.

During 1995, conversion of the two optical imaging storage and retrieval projects for the Life and Health Bureau and Office of General Counsel to the LAN, client/server environment began. About 45,000 pages of data have been scanned and stored for the Policy Forms Project and 75,000 for the OGC Opinion Project.

To aid in managing and improving support for the Help Center, a new Windows-based Help Center Desk software product was implemented during 1995. It provides the ability to efficiently and quickly route, track and resolve inquiries, questions and problems. The Help Center responded to 5,211 calls during 1995.



New initiatives and major modifications were completed in several application areas, incorporating changes in the New York State Insurance Law, rules and regulations. Manual tasks were automated and system performance for all applications was improved or maintained.

The Systems Bureau represented the Department on various NAIC task forces and working groups during 1995, for example:

Financial Data Working Group of the Internal Administration (EX1) Subcommittee (reviewing and recommending what portions of the Annual Statement re-engineering project should be implemented and how best to fund this initiative);

(EX) Special Committee on Information Systems and the following working groups thereunder:
*Systems Strategic Planning Working Group (determining the best short- and long-term technology initiatives to benefit the NAIC, the states and industry. The main accomplishment of this group is the State Interface Technology Enhancement or SITE);
*Producer Database Working Group (developing a national producer database, exploring the viability of national licensing, and creating a Producer Information Network (PIN) to facilitate dissemination of information between regulators and industry);

Filing Submission Working Group (exploring ways to expedite the transfer of rate and form filings and correspondence among industry and regulators. The System for Electronic Rates and Forms Filings (SERFF) was the work product of this group).

During 1995, New York was Chair of the following working groups under the Blanks (EX4) Task Force:

Annual Statement Instructions Working Group (reviewing and recommending changes/additions to the Annual and Quarterly Statement instructions to facilitate more accurate completion of the financial statements by insurers, resulting in higher quality data to populate the financial databases);

Standard Reporting Formats Working Group (reviewing all state-specific financial filing requirements with the goal of eliminating forms no longer necessary, or creating uniform forms that could be used by multiple states. This would benefit both regulators and industry. The group is reviewing the feasibility of collecting certain annual statement data electronically without hard copy).

During 1995, New York was Chair of the following working group under the (EX) Special Committee on Information Systems:

Data Capture and Quality Working Group (recommending what data should be collected by the NAIC and how to ensure and improve the quality of data collected. Filing performance reports were developed to apprise insurers of the quality of their filings).

In 1995, Systems prepared and submitted several proposals to the Blanks (EX4) Task Force, all of which were adopted by the Task Force at its annual meeting.

H. MOTOR VEHICLE ACCIDENT INDEMNIFICATION CORPORATION

The Motor Vehicle Accident Indemnification Corporation (MVAIC) was originally created to provide compensation for injuries to persons who, without fault on their part, were involved in accidents caused by hit-and-run drivers, operators of stolen vehicle or uninsured motorists. This law became effective on January 1, 1959. The tort law has since been amended so that comparative negligence is now the law of the State of New York. In that respect, MVAIC's obligations to provide compensation have been changed.

In June of 1995, the New York State Legislature amended Section 1, Paragraph 1 of subsection (F) of Section 3420 of the Insurance Law to increase the New York Financial Responsibility limits from $10,000 per person/$20,000 per accident to $25,000 per person/$50,000 per accident. These limits are equally applicable to uninsured claims submitted to MVAIC. This law took effect for accidents occurring after January 1, 1996.

Effective July 22, 1989, the time limit for filing affidavits with MVAIC to report claims involving hit-and-run accidents was extended from 90 to 180 days.

During 1995, MVAIC opened 4,251 new files. A total of 3,911 cases were settled with payment in 1995 at an average cost per claim of $6,223. In 1993 and 1994, the average settlement per claim was $7,389 and $6,474, respectively. An additional 2,369 cases were closed without payment for various reasons, including the discovery of applicable automobile insurance, the abandonment of claims and findings that MVAIC was not liable. The number of pending claims at the close of 1995 was 10,026, a decrease of 1,765 from the prior year.

Qualified claimants (persons who are residents of the State of New York or of another state that has a similar program, and who do not own automobiles or are not resident relatives in a household where there is an insured vehicle) receive maximum benefits under the no-fault law. Legislation enacted in 1965 provided that insured cases would be processed and covered by the insurance company that had issued the Uninsured Motorists Endorsement on policies as of July 1, 1965. The insured cases have now phased out completely.

As a result of the enactment of Section 5221 of the Insurance Law effective December 1, 1977, the Corporation also became involved in the payment of no-fault, first-party benefits as of that date. It should be noted that the Corporation must provide for the payment of such first-party benefits only to qualified persons who have compiled with all the applicable requirements of Article 52 of the Insurance Law. Amendment 19 to Regulation 68, effective September 1, 1985, permits MVAIC to arbitrate no-fault cases, thus eliminating the necessity of commencing Declaratory Judgment Actions in unresolved coverage questions. It is estimated that this Amendment will save the Corporation approximately $400,000 in legal fees yearly.

The law provided that the Board of Directors submit no later than October 1, 1977 a Plan of Operation to the Superintendent of Insurance for approval. The plan was filed and approved. The Plan of Operation has since been revised. The new Plan was approved by the New York State Insurance Department and became effective July 18, 1989.

Effective November 13, 1991, the no-fault law was amended to increase the maximum monthly loss earnings from $1,000 to $2,000. This will definitely have an impact on the yearly no-fault payments.

Effective January 1982, Section 5221(b) 2 and 4 of the Insurance Law was amended so that qualified persons who are in compliance with the requirements are deemed to be covered persons. No payment for noneconomic loss shall be made to covered persons unless such persons have incurred a serious injury as defined by Section 510(d) of the Insurance Law.

The Corporation is funded through levies on insurance companies transacting automobile liability insurance in the State of New York in accordance with Section 5207 of the Insurance Law.

Other sources of funds include fees collected from self-insurers by the New York State Department of Motor Vehicles under Section 316 and Section 370-4 of the Vehicle and Traffic Law, as well as investment income and subrogation recoveries.

Table 51
Sources of Funds
Motor Vehicle Accident Indemnification Corporation
1993-1995

Source	1995	1994	1993
Net Assessments	$17,500,000*	$30,000,000	$30,000,000
Self-insurers' fees	108,270	105,525	114,845
Investment income & profit (loss) on sale	4,089,739	2,675,300	4,591,942
Subrogation recoveries	3,155,021	4,208,133	3,287,986
TOTAL	$24,853,030	$36,988,958	$37,994,773

*originally assessed for $23,500,000; waived 4th quarter assessment of $5,875,000

Table 52
TRANSACTIONS
Motor Vehicle Accident Indemnification Corporation
1993-1995

Transaction	1995	1994	1993
	Number of Cases		
Pending at beginning of year	11,791	12,010	10,911
Total opened cases	4,515	4,845	6,005
Reported qualified	-0-	-0-	-0-
Reported tort and no-fault[a]	4,251	4,471	5,762
Reopened[a]	264	374	243
Total closed cases[a]	6,280	5,064	4,906
Cases closed without payment	2,369	1,476	1,773
Settled cases with payment	3,911	3,588	3,133
Qualified persons	-0-	-0-	1
No-fault and tort	3,911	3,588	3,132
Pending at end of year[a]	10,026	11,791	12,010
	Payments of Settled Claims (Before Subrogation)		
Payments to claimants	$23,073,118	$24,167,000	$25,940,296
Qualified persons	-0-	-0-	3,000
No-fault tort	23,073,118	24,167,020	25,937,296
Allocated claims expense[b]	3,313,345	3,901,816	3,747,823
	Reserves Year End (in 000s)		
Total reserves[c]	$48,814	$53,028	$50,590
On pending claims	29,230	35,294	34,798
On claims (IBNR)	16,500	14,355	12,555
Special expense reserve	2,744	3,026	2,889
On unallocated claim expense	340	353	348

[a] Most claims count as one case for BI or tort and one case for no-fault PIP.
[b] The Corporation also expended $4,102,230 in 1995, $3,632,543 in 1994 and $3,681,927 in 1993 for operations and maintenance (unallocated expenses).
[c] Surplus was $9,528,781 at year-end 1995, $10,709,312 at year-end 1994 and $7,807,855 at year-end 1993.
Source: Motor Vehicle Accident Indemnification Corporation

The following table distributes, by type of case, the 4,251 claims newly reported during 1995. The uninsured New York automobile driver represents 60.27% of the total reported cases compared with 63.54% for the previous year, a decrease of 3.27% percentage points.

Table 53
NEWLY REPORTED CASES BY TYPE
Motor Vehicle Accident Indemnification Corporation
1995

Types of Cases[a]	Number of Claimants	Percent of Total
Total qualified[b], no-fault PIP	4,251	100.00%
Uninsured out-of-state automobiles	199	4.68
Uninsured hit-and-run drivers	1,379	32.44
Uninsured New York automobiles	2,562	60.27
Stolen automobiles	35	0.82
Automobiles operated without consent of owners	4	0.09
Insured automobiles where the insurance is inapplicable to the accident	39	0.92
Unregistered automobiles	33	0.78

[a] This classification of case by type is made at the time claim is received. On subsequent investigation, a large portion of these cases is closed without payment while others are reclassified because the initial determination was not supported by the facts.
[b] The Statute of Limitations on qualified cases has now run; consequently no such cases were reported in 1995. However, payments to claimants from previously reported cases continued. As of December 1, 1977, MVAIC has been involved in no-fault. When both tort and PIP are involved, a separate claim count is established for each.
Source: Motor Vehicle Accident Indemnification Corporation

The following table distributes, by type, those cases settled with payment in 1995 and provides the amount paid. Unidentified hit-and-run drivers, while representing on 34.26% of all cases, accounted for 45.20% of the total amount paid. This is attributable to the large proportion of these cases involving pedestrians in which the incidence of severe injuries and fatalities is relatively high.

Table 54
SETTLED CASES WITH PAYMENT BY TYPE
Motor Vehicle Accident Indemnification Corporation
1995
(dollar amounts in thousands)

Type of Case	Number of Claimants	Percent of Total	Amount Paid*	Percent of Total
Total	3,911	100.00%	$23,073	100.00%
Uninsured out-of-state auto	193	4.93	936	4.06
Unidentified hit/run drivers	1,340	34.26	10,429	45.20
Uninsured New York automobiles	2,291	58.58	11,089	48.06
Stolen automobiles	39	1.00	273	1.18
Automobiles operated without consent of the owner	-0-	0.00	-0-	0.00
Insured automobiles where the insurance is inapplicable to the accident	20	0.51	156	0.68
Unregistered automobiles	28	0.72	190	0.82

*Includes PIP partial payments. Excludes subrogation received on cases previously settled and allocated loss adjustment expense.
Source: Motor Vehicle Accident Indemnification Corporation

IV. LEGISLATION ENACTED, REGULATIONS PROMULGATED AND CIRCULAR LETTERS ISSUED IN 1995

A. INSURANCE LEGISLATION ENACTED

This is a summary of bills amending the Insurance Law that were enacted at the 1995 Regular Session. *These brief descriptions of the laws are intended only to provide highlights of the legislation and should under no circumstances be used in place of the full text of the law or regarded as interpretation of legislative intent or of Insurance Department policy.* A more detailed Legislative Summary is available through the Department's Research Bureau. Part I covers bills amending the Insurance Law; Part II covers bills amending laws other than the Insurance Law that are of general interest to the insurance community.

1. Chapters 111 and 140 of the Laws of 1995 amend the Insurance Law, the Personal Property Law, the General Business Law, the General Obligations Law and Chapter I of the Laws of 1994 to correct and clarify many provisions regarding gap insurance.

2. Chapter 504:

- amends the Insurance Law to require health maintenance organizations to offer a standardized individual direct payment HMO contract and point-of-service contract with coverage for prescription drugs on a state-wide basis; to authorize a file and use procedure for community-rated contracts sold by Article 43 corporations and HMOs; and to modify the demographic pools established by the Superintendent pursuant to regulations;

- amends Section 1109(a) of the Insurance Law to make Public Health Law Article 44 HMOs subject to new Sections 4321, 4322 and 4323 of the Insurance Law;

- amends Section 3216 of the Insurance Law to prohibit commercial insurers from offering major medical, comprehensive or other comparable individual contracts after January 1, 1997, other than for purposes of conversion, unless the benefits, including deductibles and coinsurance, are identical to the out-of-plan benefits of the contract described in Section 4322 of the Insurance Law. Also amends Section 4304 of the Insurance Law to impose substantially the same prohibition on Article 43 corporations as is imposed on commercial insurers;

- amends Section 3217 of the Insurance Law by requiring the Superintendent to issue such regulations he deems necessary concerning the periodic updating of usual and customary schedules for contracts issued pursuant to Sections 4321 and 4322 of the Insurance Law and calls for information to be furnished to insureds regarding the usual and customary charge;

- amends Section 3232 of the Insurance Law to establish a time frame whereby the benefits provided to an enrollee under a health maintenance organization direct payment contract issued prior to January 1, 1996 will be deemed similar to the benefits provided in a contract issued pursuant to Section 3216 of the Insurance Law for purposes of determining the extent to which a pre-existing condition limitation has been satisfied;

- amends Section 3233 of the Insurance Law to require that the demographic pools established by the Superintendent be phased out over the period of January 1, 1996 to January 1, 2000. Reductions in demographic pool payments will be utilized to increase payments into the specified medical conditions (SMC) pools. The funds received by an insurer or health maintenance organization from the SMC pools shall be applied to reduce the premiums of the particular class of contracts issued pursuant to Sections 4321 and 4322 of the Insurance Law whose subscribers caused the payments to be received;

- amends Section 4304 of the Insurance Law to permit Article 43 corporations to issue a standardized individual enrollee contract pursuant to Section 4322 of the Insurance Law in lieu of a major medical, comprehensive or comparable type of coverage required to be offered upon conversion from an individual or group remittance Article 43 contract. Also amends Section 4305 of the Insurance Law to permit Article 43 corporations to exercise the same option for conversion for group contracts for individual and group remittance contracts;

- amends Section 4305 of the Insurance Law to require a health service corporation with a combined premium volume exceeding $2 billion annually to implement a written plan to eliminate future losses in national account business if losses occur in any two of three consecutive years on or after January 1, 1995;

- amends Section 4308 of the Insurance Law to establish a file and use methodology for premium rates for community-rated contracts, and sets forth permissible minimum and maximum loss ratios and includes a 10% cap on premium rate increases or decreases. The cap terminates on January 1, 2000;

- requires the issuance of a dividend or credit if the minimum loss ratios are not met and subjects individual direct payment contracts issued pursuant to Sections 4321 and 4322 of the Insurance Law to the file and use methodology only on and after January 1, 1997. Also reduces the minimum loss ratio for individual direct payment contracts as of January 1, 1997 and again as of January 1, 1998;

- amends Section 4318 of the Insurance Law to establish a time frame whereby the benefits provided to an enrollee under a health maintenance organization direct payment contract issued prior to January 1, 1996 will be deemed similar to the benefits provided in a contract issued pursuant to Section 4321 or 4322 of the Insurance Law for purposes of determining the extent to which a pre-existing condition limitation has been satisfied;

- adds new Sections 4321, 4322 and 4323 of the Insurance Law. Section 4321 requires health maintenance organizations to offer a standardized individual enrollee contract on a state-wide basis that provides coverage for prescription drugs. Section 4322 requires HMOs to offer a standardized individual enrollee contract on a state-wide basis that provides coverage for prescription drugs and includes an out-of-plan benefit option. Beginning January 1, 1996, the standardized contracts shall be the only individual contacts issued by HMOs in this State. These Sections do not require HMOs to terminate individual direct payment contracts issued prior to January 1, 1996. Section 4323 requires all HMOs to participate in and share the cost of the publication and dissemination of a consumer's shopping guide for standardized individual health plans issued pursuant to Section 4321 and 4322 and requires that HMO marketing materials be clear and not mislead, deceive or disparage competitors; and

- amends Section 4406 of the Public Health Law to make technical changes to conform these subdivisions to the new requirements of Section 4322 of the Insurance Law.
  (A Governor's Program Bill)

3. Under the provisions of Chapter 81, the New York Prospective Hospital Reimbursement Methodology (NYPHRM) is extended to June 30, 1996. A number of modifications to NYPHRM were made, primarily affecting Medicare and Medicaid. However, there were changes that affect insurance licensees.

Section 2807-c(11)(e)(ii) of the Public Health Law was amended to clarify that the 5% hospital differential paid by insurers covering benefits under the Workers' Compensation, Volunteer Firefighters Benefit, and Volunteer Ambulance Workers Benefit Laws is reduced to 2% if payment is made within 90 days and eliminated if payment is made within 45 days.

The authority of entities to contract to participate in the Child Health Program (CHP), as well as the Program itself, is continued until June 30, 1996.

The authority of the Medical Malpractice Insurance Association (MMIA) to issue policies is continued until June 30, 1996 (Insurance Law Section 5502(c)). MMIA is authorized to pay, by January 1, 1996, and the Bad Debt and Charity Pool is authorized to receive $3,750,000 for use of the CHP, Insurance Law Section 5516-c and Public Health Law Section 2807-c(17)(e). If MMIA does not voluntarily pay over the money the CHP is to be funded from other sources. In addition, MMIA is required to pay, by January 1, 1996, $6 million to the General Fund for use of Medicaid.

The Superintendent is authorized to approve long-term care policies that will meet standards to be established by regulation and whose premiums will qualify for tax deductibility (Insurance Law Section 1117). The statutes regulating the State and New York City income taxes are amended to authorize a graduated deduction for taxpayers age 55 and above, increasing by age from $750 to $2,500, for purchase of such policies.

In addition, two demonstration projects on Medicaid capitation, Sunset Park and Syracuse, are continued until December 31, 1996, as is their exemption from the provisions of Public Health Law Article 44. The Excess Medical Malpractice Program established by Section 18 of Chapter 266 of the Laws of 1986 is continued until June 30, 1996.

4. Chapter 610 increases limitation on foreign investments from 3% to 5% of admitted assets for life insurance companies and amends Section 4233 of the Insurance Law dealing with the annual statements of life insurers. It also Imposes the requirement for the Superintendent to report to the Governor and Legislature on the insurers' investment activities with regard to Section 4233(b)(11) "no later than June 1, 1996, and annually thereafter."

5. Chapter 257 amends the Insurance Law and the Vehicle and Traffic Law to eliminate the double licensing and dual regulation of insurance industry-related auto body repair estimators.
(A Department Bill)

6. Chapter 568 relates to the period of duration of certain licenses issued by the Superintendent of Insurance and the qualifications of certain licensees.
(A Department Bill)

7. Article 22 of the Insurance Law provides for certification by the Superintendent as to the competence and trustworthiness of officers and employees of savings banks and insurers who negotiate for or solicit from the public applications or orders for life insurance or annuity contracts. Chapter 534 amends Article 22 of the Insurance Law to make continuing education requirements applicable to those issued Certifications by the Insurance Department.

8. Chapter 113 adds provisions regarding a flexible-rating system for nonbusiness automobile insurance policies and extends the rating provisions of the Insurance Law in order to continue prior approval for certain other motor vehicle insurance rates, and to continue file and use rate review for those coverages and markets currently subject to competitive rating. It also retains the flex-rating system established by Section 2344 of the Insurance Law, in order to continue to encourage rating discipline and market stability in commercial risk markets over the course of market cycles.

In addition, Chapter 113 continues excess profits procedures related to motor vehicle insurance; extends the prior June 30, 1995 sunset with respect to the New York Property Insurance Underwriting Association to January 31, 1996; amends Section 2341 to provide for the appointment by the Superintendent of a Business Advisory Council; and requires the Superintendent of Insurance to study and report by December 31, 1995 on expanding the coverage of policies offered by NYPIUA under Article 54.

9. Chapter 362 amends Section 2336 of the Insurance Law to require noncommercial private passenger automobile insurers to offer an actuarially appropriate reduction in premium charges for bodily injury liability, property damage liability, personal injury protection, medical payments and collision coverage with respect to automobiles equipped with factory installed daytime running lamps (DRL).

10. Chapter 363 amends Section 2346 of the Insurance Law to require the Superintendent to provide for an "actuarially appropriate reduction" in the rates of homeowners insurance premiums applicable to residential real property fitted or retrofitted with hurricane/storm shutters. Also requires the Superintendent to establish, by regulation, standards for hurricane/storm shutters.

11. Chapters 9 and 287 add a new Section 2349 to the Insurance Law to permit insurers, under certain circumstances, to have more than one rate level (multi-tiers) for private passenger motor vehicle insurance in the voluntary market. In that context, modifies the percentage nonrenewal limitation contained in Section 3425.

12. Chapter 305 amends the minimum financial security requirements for motor vehicle insurance coverage by increasing the limits of liability from $10,000/$20,000/$5,000 to $25,000/$50,000/$10,000.

(A Governor's Program Bill)

13. Chapter 563 amends Insurance Law Section 3425 to provide special provisions for short-term policies and facilitates the obtaining of coverage for seasonal purposes, to cover specific events or for projects of limited duration.

(A Department Bill)

14. Chapter 575 amends Section 4240 of the Insurance Law to make a technical correction to the amendments made by Chapter 694 of the Laws of 1993.

15. Chapter 461 amends the provisions in Section 4301 to permit the Superintendent to waive the otherwise applicable ten-year term of office when a director serves as chairman of the Article 43 corporation's board of directors and is not an employee of the corporation.

16. Chapter 331 amends Insurance Law Section 6902 to permit a financial investment guaranty insurance company to include in its calculation of reserve investments government obligations of any state, or any county, district or municipality thereof, provided such government obligations have been given the highest quality designation of the Securities Valuations Office of the National Association of Insurance Commissioners. It also requires that before investing any part of the required amount in qualifying governmental obligations of other states the financial guaranty insurer shall have invested at least 10% of the required minimum in government obligations of New York State or of any county, district or municipality thereof.

17. Chapter 110 amends the effective date section of Chapter 625 of the Laws of 1992, pertaining to the discretion of the Superintendent of Insurance to waive the annual expense limits associated with debit life insurance, while still allowing the Superintendent to require insurers to demonstrate that they are making a good faith effort to stay within the expense limitations. The effect of the statute is that the above two restrictions on the Superintendent's discretion are automatically reimposed on June 30, 1998, rather than on June 30, 1995.

18. Chapter 104 amends Chapter 630 of the Laws of 1988, as amended by Chapter 284 of the Laws of 1992, to extend the sunset provision of that act to July 1, 1998 and thus extends for three years the sunset provision in the enabling statute which created the Excess Line Association of New York (ELANY).

(Part of the Insurance Department Legislative Program for 1995)

B. REGULATIONS PROMULGATED

The following is a summary of Insurance Department Regulations promulgated in 1995. *These brief descriptions of the Regulations are intended only to provide general information on the Regulations and, therefore, should under no circumstances be used in place of the full text of the Regulations or regarded as interpretation of Insurance Department intent or policy.*

Second Amendment to Regulation 35-D (11 NYCRR 60-2): Supplementary Uninsured Motorists Insurance (Withdrawn)

The Second Amendment to Regulation 35-D which was adopted on an emergency basis in September 1994 was withdrawn in February 1995. Regulation 35-D establishes a prescribed form for use in providing supplementary uninsured motorists insurance coverage (SUM.)

The Second Amendment was intended to conform the Regulation to Chapter 425 of the Laws of 1994 which required that insurers notify their policyholders in writing of the availability of supplementary uninsured motorists coverage. After discussion with the drafters of the legislation it became apparent that no regulatory action was necessary. Accordingly, the Amendment was withdrawn.

Twentieth Amendment to Regulation 62 (11 NYCRR 52): Minimum Standards for Form, Content and Sale of Health Insurance, Including Standards of Full and Fair Disclosure (Promulgated 11/9/95; Effective 12/1/95)

The Twentieth Amendment to Regulation 62 eliminates a sunset provision concerning the authority of health maintenance organizations (HMOs) to pay commissions to licensed insurance brokers on the sale of HMO insurance products. Since such authority is granted under a Health Department regulation, this sunset provision is unnecessary.

Fifth Amendment to Regulation 64 (11 NYCRR 216): Unfair Claims Settlement Practices and Claim Cost Control Measures (Promulgated 10/19/95; Effective 11/8/95)

Regulation 64 protects consumers from unfair motor vehicle claims settlements. The Fifth Amendment is designed to increase flexibility for insurers that determine the value of total losses while permitting consumers a right of recourse.

Twenty-Third Amendment to Regulation 68 (11 NYCRR 65): Regulation Implementing the Comprehensive Motor Vehicle Insurance Reparations Act, Managed Care Coverage (Promulgated 7/13/95; Effective 8/15/95)

The Twenty-Third Amendment to Regulation 68 creates a standard no-fault managed care endorsement and establishes rules for the implementation of managed care programs by insurers and self insurers, as required by Chapter 726 of the Laws of 1993.

Twenty-Second Amendment to Regulation 83 (11 NYCRR 68): Regulation Implementing and Coordinating Article 51 of the Insurance Law and the Workers' Compensation Law with Respect to Charges for the Professional Health Services Specified in Paragraph (1) of Subsection (a) of Section 5102 of the Insurance Law (Promulgated 7/13/95; Effective 8/15/95)

The Twenty-Second Amendment to Regulation 83 permits certified managed care organizations affiliated with an approved managed care program to charge fees for health services that deviate from those prescribed by the Chair of the Workers' Compensation Board and the Superintendent of Insurance, as required by Chapter 726 of the Laws of 1993.

Regulation 86 (11 NYCRR 16): Special Risk Insurance (Public Notice, April 1995)

Regulation 86, originally promulgated in 1978, implements Article 63 of the Insurance Law regarding insurance for special risks and established what has become commonly referred to as the Free Trade Zone. Special risks are certain large insureds (Class 1) or unusual, high-hazard or difficult-to-place policyholders (Class 2).

The Department issued to the insurance industry an updated list of the risks allowed to be written in the Free Trade Zone, a list of the insurance companies that are actively writing these risks, and the names and telephone numbers of the Free Trade Zone representatives at the insurance companies.

Fifth Amendment to Regulation 93 (11 NYCRR 30): Agency Conferences of Life Insurers (Promulgated 7/7/95; Effective 7/1/95)

Regulation 93, first promulgated in 1981, prohibited life insurers from holding conferences outside the United States or Canada. The Regulation was amended in 1986 to suspend this restriction for a four-year period ending August 31, 1990, again in 1989 for another four years through August 31, 1994, and a third time in 1993 for 16 months ending December 31, 1995.

The Fifth Amendment to Regulation 93 again suspends the restriction, thus permitting life insurers to hold agency conferences anywhere in the world through June 30, 1997.

Twentieth Amendment to Regulation 101 (11 NYCRR 70): Medical Malpractice Insurance: Required Notices and Rate Modifications (Promulgated 7/14/95 as an emergency measure; Effective 7/18/95 for policies issued on and after 7/1/95; Promulgated 9/20/95; Effective 10/11/95)

The Twentieth Amendment to Regulation 101 establishes physicians and surgeons medical malpractice rates and surcharges for the policy year July 1, 1995 to June 30, 1996. The Amendment also changes certain requirements relating to excess coverage to comply with Chapter 81 of the Laws of 1995.

Repeal of Regulation 137 (11 NYCRR 42): Open Enrollment Requirements for Health Insurers to Qualify for Reduced Payments to Hospitals (Proposed in September; Effective Date of Repeal 11/15/95)

Regulation 137 established open enrollment requirements for health insurers wishing to qualify for reduced hospital payment schedules. Chapter 731 of the Laws of 1993 amended the Public Health Law to repeal the discount for insurers utilizing open enrollment. Chapter 501 of the Laws of 1992 had required that all insurers issue individual and group policies on an open enrollment basis. For the above reasons, the rule was invalid.

Regulation 149 (11 NYCRR 42): Term Life Renewal Restrictions; Cash Surrender Values for Certain Life Insurance Plans (Promulgated 11/6/95; Effective 11/22/95)

Regulation 149 establishes rules pertaining to limitations on the issuance, renewal or continuation of term life insurance and prescribes rules and guidelines for determining minimum cash values on certain increasing premium life insurance plans, including plans under Section 4221(1)(3) of the Insurance Law.

Regulation 150 (11 NYCRR 154): Private Passenger Motor Vehicle Insurance, Multi-Tier Programs (Promulgated 11/7/95; Effective 12/1/95)

Regulation 150 establishes standards for multi-tier programs for private passenger automobile insurance. Multi-tiering allows insurers to move a portion of their policyholders from lower-rated tiers to higher-rated tiers within an approved multi-tier program. Thus, policyholders will be able to remain with a voluntary insurer rather than being nonrenewed and forced to seek coverage through the Assigned Risk Plan.

C. CIRCULAR LETTERS ISSUED*

NO.	DATE	ADDRESSED TO	SUBJECT
1	1/23/95	All Homeowners Insurers in New York State and Insurance Producer Organizations	Termination Moratorium in the Event of Declared Disaster; Homeowner Windstorm Deductibles and Wrap-Around Endorsements
2	2/6/95	All Authorized Insurers Writing Business in New York State	Updating the Corporate Officer Responsible for an Insurer's Internal Consumer Services Department
3	2/10/95	All Authorized Property/Casualty Insurers, United States Branches of Alien Insurers, Reciprocals, Advance Premium Cooperatives, Assessment Cooperatives and Accredited Reinsurers	Filing of the Property/Casualty Risk-Based Capital Report
4	2/17/95	All Licensed Property & Casualty Insurers and Reinsurers	Annual Property & Casualty Insurance Report Pursuant to Regulation 131
5	3/6/95	All Automobile Self-Insurers and Insurers Licensed to Write Automobile Insurance in New York State	No-Fault Reimbursement Schedules for Hospital Services Including Ambulatory Surgery

7	4/26/94	All Excess Line Brokers	1995 Tax Filing Pursuant to Section 2118(d) of the Insurance Law
Supp. #3 CL #20 (1992)	6/2/95	Authorized Insurers, Fraternal Benefit Societies, Pension Funds and Retirement Systems, Charitable Annuity Societies, Accredited Reinsurers and Licensed Excess Line Brokers	Notification of New Debt Collection Legislation/ Penalties for Delinquent Payments
8	6/7/95	All Licensed Property and Casualty Insurers	The Use of Certificates of Insurance
Supp. #2 CL #11(1993)	6/15/95	All Licensed Property/Casualty Insurers & Reinsurers; All P/C Insurer, Reinsurer & Producer Organizations	Coastal Homeowners Insurance New Approaches and Modifications of Existing Guidelines
Supp. #8 CL #9 (1988)	6/26/95	All Property/Casualty Insurance Companies; Co-operative Fire Insurance Companies; Lloyds Under-Writers and Reciprocal Insurers; Financial Guaranty Insurance Corporations; and the Medical Malpractice Insurance Association	Property/Casualty Insurance Security Fund
9	6/29/95	All Licensed Life and Accident and Health Insurers, Fraternal Benefit Societies, Charitable and Segregated Gift Annuity Societies, Employee Welfare Funds, Retirement Systems, Viatical Settlement Companies, Governmental Supplemental Annuity Funds, Savings Bank Life Insurance Departments and Accredited Reinsurers	Reorganization of the Financial Condition Life Bureau
10	8/1/95	All Authorized Life Insurance Companies, Accredited Life Reinsurers, Fraternal Benefit Societies and Charitable Annuity Societies	Maximum Reserve Valuation and Maximum Life Policy Nonforfeiture Interest Rates
11	7/21/95	All Insurers Licensed to Write Motor Vehicle Liability Insurance In New York State	No-Fault Managed Care Coverage
12	8/17/95	All Licensed Life Insurers and Accredited Life Reinsurers	Synthetic Guaranteed Investment Contracts
Supp. #1 CL #12 (1995)	11/1/95	All Licensed Life Insurers and Accredited Life Reinsurers	Synthetic Guaranteed Investment Contracts

13	8/17/95	All Licensed Financial Guaranty Corporations	Policies Guaranteeing Obligations of Insurance Companies
Correction to CL #13 (1995)	8/22/95	Due to a typographical error in CL # 13 issued 8/17/95, a reference on page 1, paragraph 4, line 3 to "...letters of credit meeting the requirements of Regulation 114" should have read "...letters of credit meeting the requirements of Regulation 133."	
14	8/23/95	All Licensed Property Casualty Insurers	Force-Placed Insurance
15	10/3/95	All Insurers Authorized to Write Motor Vehicle Insurance In New York State of Liability for Motor Vehicle Insurance	Implementation of Chapter 305 of the Laws of 1995 Increasing the Required Minimum Limits
16	10/31/95	All Insurers Licensed to Write Automobile and/or Accident and Health Insurance in New York State	Annual Rankings of Automobile and Health Insurance Complaints
17	10/30/95	All Commercial Insurers Licensed to Write Accident and Health Insurance in New York State	Supplementary Payment Rate Conversion Factor (SPRCF) Statewide Pool
18	11/17/95	All Insurance Law Article 43 Corporations ("Plans") and Public Health Law Article 44 Health Maintenance Organizations ("HMOs")	Compliance Certification for Premium Rate Adjustment Application Pursuant to Section 4308(g) of the Insurance Law
19	11/21/95	All Life Insurance Companies Authorized to Write Life Insurance and Annuities	Expense Allowance Payment Plans
20	12/29/95	All Insurers Licensed to Write Motor Vehicle Insurance in New York State, All P/C Insurer and Producer Organizations	Liability Coverage on Vehicles Registered and/or Titled in the Name of a Revocable "Living Trust"

*No Circular Letter #6 was issued in 1995.

D. IMPORTANT DEVELOPMENTS OF 1995 IN MAJOR LITIGATION INVOLVING THE INSURANCE DEPARTMENT

New York State Conference of Blue Cross & Blue Shield Plans v. Travelers Insurance Company

Pataki, Governor of New York, et al. v. Travelers Insurance Company

Hospital Association of New York State v. Travelers Insurance Company

Cases consolidated in the Supreme Court of the United States.

This case (the Travelers decision), regarding ERISA preemption, was decided on April 26, 1995. Plaintiffs included many insurers licensed to write group accident and health insurance in New York. Defendants included the Governor of New York, the Executive Deputy Commissioner of Health and the Superintendent of Insurance.

The action was originally brought in 1992, challenging three surcharges placed on hospital bills, one of 13% applicable to commercial insurers pursuant to Section 2807-c(1)(b) of the Public Health Law and the other two, an additional 11% applicable to commercial insurers and 9% applicable to certain health maintenance organizations (HMOs) and authorized by Chapter 55 of the Laws of 1992. Plaintiffs argued among other things that with respect to coverage being provided to plans regulated under the Employee Retirement Income Security Act of 1974 (ERISA), as amended, state law was preempted and the surcharges could not be applied.

The Supreme Court ruled that the challenged surcharges did not bear such a relationship to ERISA plans as to require preemption of state law as it affects insurers. Rather, it found that the surcharge rules relate to the legitimate state interest in regulation of the cost of health insurance benefits and the relative costs of competing insurers to provide them. However, the Court did not determine the effect on self-funded benefit plans.

The United States Court of Appeals for the Second Circuit addressed that issue in the consolidated case of ***Travelers Insurance Company v. Pataki, et al.*** and ***Health Insurance Association of New York, et al. v. Pataki, et al.*** Plaintiffs in that case, which also challenged the surcharges discussed above, included many self-funded (insured) ERISA plans that provided health benefits, including hospitalization, to members in New York State.

In a decision issued August 15, 1995, the Court of Appeals for the Second Circuit ruled, in light of the Travelers decision, that ERISA did not preempt the New York surcharge statute, even with respect to self-funded plans.

In the related consolidated case of ***New York Health Maintenance Organization Conference v. Curiale*** and ***U. S. Healthcare v. Curiale***, a case involving the application of the surcharges vis-à-vis HMOs, the Department has submitted a letter brief to the United States Court of Appeals for the Second Circuit arguing that the ***Travelers*** decision is dispositive.

Finally, four cases pending in the Court of Claims claiming refunds for amounts paid to the Regulation 146 (surcharge) pools have been discontinued in light of the Travelers decision.

American Transit Insurance Company v. Curiale, as Superintendent of Insurance

Matter of American Transit Insurance Company

Actions consolidated in Supreme Court, New York County.

These actions concern the petition of the Superintendent of Insurance for an order to take possession of the property of and liquidate the business of American Transit Insurance Company (ATIC), a licensed property and casualty insurer.

The proceeding was commenced in October 1991 and was referred to a Referee for hearing and report in February 1992.

The hearing concluded on June 27, 1994. On December 13, 1994, the Referee issued a report in which he noted that the company's financial condition "appears to be serious" and recommended: (1) that the company be required to infuse between $10 and $15 million within a period of nine months to a year; (2) that a new actuarial review of the company's reserves as of December 1994 be conducted under the supervision of the Referee; and (3) that the operations of the company be supervised by the Court through the oversight of the Referee.

On December 23, 1994, the Department moved for an order rejecting the Referee's report and directing the Referee to issue specific findings of fact and conclusions of law as required under the Civil Practice Law and Rules. On April 5, 1995 the Supreme Court (Justice David B. Saxe) directed the Referee to issue a final report containing findings of fact and conclusions of law regarding ATIC's financial condition as of December 31, 1989 and as of December 31, 1992.

On September 7, 1995 the Referee issued a final report to the Court which recommended that ATIC infuse $14 million by July 31, 1996 and that an examination of the company as of December 31, 1995 be undertaken under judicial supervision by a firm unassociated with the Insurance Department or the liquidation proceeding. The Referee's report has yet to be confirmed or rejected by the Court.

Williams Insurance Trust v. Travelers Insurance Company, Inc.

United States Court of Appeals, Second Circuit

Plaintiff is a trust that is the owner of a group term life insurance policy made available to employees of a bank. Defendant is a life insurer licensed by this Department and the issuer of the group policy.

The dispute involves a death claim filed by the trust on behalf of a beneficiary of coverage issued to a bank employee. The insurer eventually made payment, with interest calculated from the date of filing of the claim. The trust brought an action in New York State Supreme Court seeking a determination that, pursuant to Section 3214 of the Insurance Law, interest must be calculated and paid from the insured's date of death.

The insurer brought a motion to remove the action to United States District Court on the grounds that the suit was an action to recover benefits under an employee benefit plan as defined in the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and therefore arises under a federal statute.

On March 31, 1994 the United States District Court for the Southern District of New York ruled that, although the state law was saved from ERISA preemption, the civil enforcement provisions of ERISA preempted private rights of action under Section 3214 and the trust had failed to exhaust the administrative remedies, as required under the ERISA plan. Accordingly, the District Court dismissed the action without prejudice. Plaintiff appealed to the United States Court of Appeals for the Second Circuit. The Department submitted an amicus brief, arguing that enforcement of the New York statute was not preempted by ERISA.

In a decision of March 17, 1995 the United States Circuit Court of Appeals for the Second Circuit reversed the decision of the District Court. The Court of Appeals agreed that Section 3214 of the Insurance Law was "saved" from ERISA preemption as a "law of any state which regulates insurance...." It ruled, however, that the District Court erred in holding that ERISA's civil enforcement provision would preempt enforcement of the state law. The matter was remanded to the New York State Supreme Court for further proceedings.

United States Automobile Association v. Curiale, as Superintendent of the State of New York Insurance Department,

Appellate Division, First Department

Plaintiff in this action (USAA), a Texas insurer authorized to do business in New York State, sought a declaratory judgment ruling that Section 1505-a(c) of the New York Tax Law was unconstitutional or, in the alternative, was applied to the plaintiff in an unconstitutional manner.

The challenged Tax Law provision imposes a temporary Metropolitan Transportation Authority business tax surcharge (MTA surcharge) on insurance corporations that do business in the area of the State served by the MTA. The statute goes on to specify those circumstances where an insurer may take a credit, for the amount paid in MTA surcharges, against the retaliatory tax owed pursuant to Insurance Law Section 1112. Plaintiff asserted that the statute was unconstitutional in that it treated domestic and foreign insurers differently with regard to entitlement to such credit.

In October 1993 Justice Seymour Schwartz (Supreme Court, New York County) ruled that the credit provision of the challenged statute violated the equal protection clause of the United States Constitution. Justice Schwartz ruled that the state had failed to advance any justification for treating domestic and foreign insurers differently other than the promotion of domestic insurers. He found that rationale stated did not "bear a rational relationship to a legitimate state purpose" for constitutional purposes.

Accordingly, plaintiff's motion for summary judgment was granted in March 1994. The Department appealed to the Appellate Division, First Department. In a decision entered on June 22, 1995 the Appellate Division affirmed Justice Schwartz's decision. Motion for leave to appeal to the Court of Appeal was granted and a decision is expected during 1996.

American Transit Insurance Company v. New York State Department of Insurance,

New York Court of Claims

Plaintiff, an insurer licensed by the Department, brought this action in October 1989, seeking to recover alleged overpayments it made to the Property/Casualty Insurance. Security Fund (the Fund) in 1988, 1989 and 1990 totaling approximately $629,000 including interest.

American Transit alleged that its rate of contribution to the Fund could not exceed the rate of 1/2 of 1% of net direct written premiums, as specified in Section 7603(b)(2) of the Insurance Law. The Department took the position that Section 7603(b)(2) was inapplicable and that the rates applied to American Transit were correct since they conformed to the methodology described in Sections 7603(c)(1) and (c)(2) of the Insurance Law. American Transit's claim also included a challenge to the constitutionality of two provisions of law by which monies were transferred from the Fund to the State's General Fund in 1979 and 1982. These latter claims were also asserted by other insurers and were the subject of a 1993 settlement in the ***Alliance v. Chu*** litigation.

In a decision filed on July 21, 1995 Judge Louis C. Benza granted the Insurance Department's Cross-Motion for Summary Judgment and dismissed American Transit's claim. Judge Benza found that Section 7603(c)(2) of the Insurance Law did not require an insurer's resumed contributions to the Fund to be capped at a certain percentage of its net written premiums. The Court also left the door open for American Transit to reinstitute its claim for damages caused by the 1979 and 1982 transfer of funds to the State should the Fund ever become contributory again and should American Transit be able to establish such damages. On August 10, 1995 American Transit filed a notice of appeal with the Appellate Division, Third Department.

New York State Health Maintenance Organization Conference v. Curiale,

United States Court of Appeals, Second Circuit

Plaintiff is an association representing 27 health maintenance organizations (HMOs). This action, filed in 1993, challenged a portion of Insurance Department Regulation 146 (11 NYCRR 361), which was promulgated in November 1992 to effectuate Chapter 501 of the Laws of 1992 (the Community Rating Act).

Specifically, plaintiffs challenged two pooling mechanisms established by the Regulation. One was based on the demographic characteristics of the subscribers or policyholders of the subject insurers. The other was related to specified, high-cost medical conditions and was intended to address possible losses caused by an insurer's having a disproportionate enrollment of individuals suffering from such conditions. Plaintiffs claimed that the challenged portions of the regulation were preempted by the Employee Retirement Income Security Act (ERISA) and by the Federal Employee Health Benefit Act (FEHBA).

On February 25, 1994, the United States District Court for the Southern District of New York ruled that the Second Circuit Court of Appeal's decision in the ***Travelers*** case was dispositive of whether HMOs were insurers (finding that they were not insurers) and held that Regulation 146 was preempted by ERISA as it affected HMOs. On April 26, 1995, the United States Supreme Court reversed the Second Circuit's ruling in Travelers (see above.) On August 30, 1995, the Second Circuit Court of Appeals reversed the District Court, holding that the Regulation 146 pools were not preempted by ERISA. The matter was remanded back to the District Court to consider the issue of FEHBA preemption.

New York State Conference of Blue Cross and Blue Shield Plans, et al. v. Muhl, as Superintendent, et al.

Supreme Court, Albany County

Petitioners in this Article 78 proceeding are an association of Blue Cross and Blue Shield Plans throughout New York State. They brought this proceeding in October 1995 to challenge the Superintendent's promulgation of the Twentieth Amendment to Insurance Department Regulation 101 (11 NYCRR Part 70). Specifically they seek to annul the rates established therein for policies of excess medical malpractice insurance for the 1995-1996 policy year and to require a refund of what they allege is excessive surplus.

Petitioners allege that the Superintendent's determination is arbitrary and capricious, the product of an abuse of discretion and produces rates that are excessive and unfairly discriminatory, contrary to law.

The Department will coordinate with the Departments of Health and Law in developing a response to the petitioner's allegations.

Jeff Gabriels v. Salvatore R. Curiale, as Superintendent of Insurance,

Appellate Division, Third Department

Petitioner brought this Article 78 proceeding to challenge the Insurance Department's denial of a Freedom of Information Law (FOIL) request.

Petitioner's FOIL request was for information to be supplied in the form of a "Key Information Computer Run." While some of the information contained in such a run was in the possession of the Department, it was not maintained in the form requested by petitioner. Accordingly, the petitioner's FOIL request was denied.

Petitioner argued that, pursuant to FOIL, the Department was required to create a computer program capable of retrieving the records in the form requested.

In a decision dated March 8, 1994, Justice Hughes (Supreme Court, Albany County) dismissed the matter, finding that FOIL did not require the Department to prepare or construct records in a specific form to comply with a FOIL request. On June 7, 1995, the Appellate Division, Third Department, affirmed Justice Hughes decision.

E. REGULATORY LICENSE HEARINGS AND STIPULATIONS EXECUTED IN 1995

After hearings in the Insurance Department, 54 licensees suffered revocations, 12 had charges against them dismissed, one had its license suspended and 89 were fined a total of approximately $1,446,000.

Thirty-three licensees agreed to surrender their licenses and 209 agreed to pay fines totaling approximately $8,679,000.

V. 1996 LEGISLATIVE RECOMMENDATIONS

A. GOVERNOR'S PROGRAM BILLS

1. Homeowners Insurance/Catastrophe Coverage/New York Property Insurance Underwriting Association: Program Bill No. 77

To amend the Insurance Law regarding the availability of multi-tier programs for homeowners insurance, by requiring insurers that intend to materially reduce the volume of written policies to submit certain information to the Superintendent of Insurance, enacting provisions on the payment of commissions, extending the expiration date of provisions relating to the New York Property Insurance Underwriting Association, and requiring such Association to issue homeowners insurance upon a determination of necessity thereof by the Superintendent of Insurance; establishing a special panel to study various issues concerning homeowners insurance/catastrophe coverage and to report thereon; and providing for the repeal of certain provisions of such law upon expiration thereof.
Senate Bill 6846 (Sen. Velella); Assembly Bill 10399 (Rules) - Chapter 42, signed on April 2, 1996.

2. Liquidation Proceeding Reforms: Program Bill No. 75

To streamline the activities of the Liquidation Bureau and expedite its operations, by accomplishing the following objectives:

- To facilitate the closing of insolvent property/casualty companies in liquidation by establishing classes of claims in insurance liquidation proceedings to provide for a priority for claim distributions among the classes.
- To facilitate the closing of insolvent companies in liquidation by eliminating consideration of claims under $200 in liquidation proceedings unless such claims are covered by a security fund, since the costs incurred to examine and adjudicate de minimis claims far exceed the ultimate distribution to most claimants.
- To afford policyholders notice by publication of the cancellation of their insurance policies within 30 days of entry of an order of liquidation of an insolvent insurer, thereby enabling policyholders to obtain replacement coverage; and to fix, upon entry of the liquidation order, the rights and liabilities of the insurer, its creditors, policyholders, shareholders, members and any other persons interested in the estate.
- To expedite payments to New York residents who have made claims covered by the security funds and to eliminate unnecessary delay and onerous administrative expenses relating to allowance of claims.
- To grant the Superintendent of Insurance, as receiver, greater discretion in the investment of assets of companies in liquidation, rehabilitation, conservation or ancillary receivership in order to garner greater investment income for companies subject to Article 74, fulfilling the fiduciary duty of maximizing the assets of such companies.
- To maintain the solvency of the Workers' Compensation Security Fund, and similar funds in other states, which pay workers' compensation claims covered by policies issued by insolvent insurers in liquidation in New York, by permitting the Workers' Compensation Security Fund and similar funds to participate in "early access" distributions made available to the Property/Casualty Insurance Security Fund, Public Motor Vehicle Liability Security Fund and their equivalents in other states.
- To permit the Superintendent of Insurance, as liquidator, to deliver immediately to the State Comptroller all unclaimed assets following the termination of an insurance company's liquidation proceeding.

Senate Bill 7505 (Sen. Velella)

3. Workers' Compensation Reform: Program Bill No. 80

Fundamental reform of New York's workers' compensation program, by reducing cost (including repeal of ***Dole v. Dow***), improving workplace safety, attacking fraud, and improving efficiency and service.
Senate Bill 7164-A (Rules)

4. Requirements Relating to Maternity Care: Original Program Bill No. 56

To amend the Insurance Law and the Public Health Law in relation to establishing requirements for insurers and hospitals relating to maternity care.

To require that every policy of individual insurance issued by a commercial insurer that provides hospital coverage include inpatient hospital coverage for a mother and her newborn for at least 48 hours after childbirth for any delivery other than a Caesarean section, and for at least 96 hours after a Caesarean section. Same requirements also imposed for group insurance policies issued by commercial insurers, and for individual and group policies issued by HMOs and not-for-profit insurers.

To require that maternity care coverage include, at a minimum, parent education, assistance and training in breast or bottle feeding, and the performance of any necessary maternal and newborn clinical assessments.

To amend the Public Health Law to require that a general hospital that provides maternity care must offer care for mothers and newborns for not less than 48 hours for any delivery other than a Caesarean section and not less than 96 hours following Caesarean section.
Senate Bill 5742-A (Sen. Velella); Assembly Bill 8125-C (Rules)
Chapter 56, signed on April 15, 1996.

5. Insurance Fraud: Program Bill No. 76

To amend Section 304(b) of the Insurance Law in order to enable the Superintendent of Insurance to enter certain determinations of liability as judgments in specified fraud and unlicensed activity cases and enforce them, without court proceedings, in the same manner as the enforcement of money judgments in civil actions. This amendment relates to determinations of liability for a civil penalty for insurance fraud, transfer or possession of forged insurance identification cards and false insurance documents and unlicensed activity in the sale of insurance products and services;

To modify certain reporting requirements concerning insurance fraud;

To impose a civil penalty for the possession, transfer or use of any document that purports to evidence insurance coverage when such coverage is not in effect or is in effect at limits less than stated in the document;

To create a new crime of aggravated insurance fraud;

To repeal Section 408 of the Insurance Law concerning the expiration of provisions on insurance fraud prevention, and to repeal certain provisions of Chapter 720 of the Laws of 1981 relating to the sunset of the qualified agency status of the Insurance Frauds Bureau;

To require certain insurers to develop and file insurance fraud prevention plans and to establish full-time special investigations units;

To create a civil cause of action in favor of the Attorney General or the Insurance Department on behalf of insurers that have been defrauded; and creating a "qui tam" action for the insurers that have been defrauded;

To provide for automatic revocation of licenses under Article 21 of the Insurance Law for conviction of the licensee for insurance fraud; and

To provide civil penalties regarding unlicensed activity in the sale of insurance products and services.
Senate Bill 7618 (Rules)

6. Directors' and Officers' Insurance: Program Bill No. 18 of 1995
Carried Over to 1996

To clarify and revise liability insurance requirements concerning directors' and officers' (D&O) insurance.

To amend Section 1113(a)(13) of the Insurance Law (personal injury liability insurance) to clarify that directors' and officers' (D&O) insurance, providing indemnification to corporations, as contemplated under the Business Corporation Law and other laws, may be written in New York.

To amend Section 3420(a) to clarify that liability insurance covering injury to the economic interests of a person is subject to the requirements of the Section by referring simply to liability policies rather than liability for injury to person or liability for injury to, or destruction of, property. Also, the bill corrects an incorrect reference to a subsection of Section 3420, which error has been in the Insurance Law since 1939. In making these changes, it also clarifies an exception relating to marine insurance. Also to extend to 180 days the period before which an action can be brought against an insurer after a judgment against the insured.

To exempt D&O policies issued to for-profit corporations from the duty to defend and to be responsible for defense costs for uncovered acts when the complaint alleges both covered and uncovered acts.
Senate Bill 5431-A (Sen. Velella)

7. Captive Insurance Companies: Program Bill No. 90

To facilitate and permit the formation of wholly owned pure and group captive insurance companies in New York State.
Senate Bill 7582 (Sen. Velella)

8. Capital Notes: Program Bill No. 89

To create a new Section 1324 of the Insurance Law to authorize domestic life insurance companies to issue capital notes with the approval of the Superintendent of Insurance within certain statutory limits. Also to amend Section 4219 of the Insurance Law to change the method of calculation used to measure maximum surplus authorized for domestic mutual life insurance companies and to provide that maximum surplus cannot be less than the minimum capital and surplus requirements of another state.
Senate Bill 7581-A (Sen. Velella); Assembly Bill 10699-A (Rules at request of Messrs. Grannis and Bragman)

B. INSURANCE DEPARTMENT BILLS FOR 1996

1. Insurance Reporting Requirements

To repeal Section 334 of the Insurance Law in order to eliminate the requirement for the Annual Commercial Property/Casualty Report. To amend Section 337 of the Insurance Law to provide for the publication of the consumer guide on automobile insurance every two years instead of the current annual requirement. To amend Section 338 of the Insurance Law to provide for a triennial report on the Automobile Insurance Plan instead of the currently required biennial report. To delete from existing law certain outdated reporting requirements on inpatient treatment of alcoholism and on long-term care insurance.

Section 334 of the Insurance Law was enacted as part of the legislative reforms addressing the liability insurance crisis of the mid-1980s. The report is costly, burdensome and without significant benefit to the Department and the industry. It has not been of real assistance to the consumer.

Section 337 of the Insurance Law was enacted in 1992 as a consumer protection initiative. The automobile guide has been helpful to the Department and beneficial to the consumer. It provides valuable information about automobile insurance as well as offering a comparison of rates in that marketplace. It is expensive to produce, however. Although the guide is worked on by certain Department personnel for almost nine months out of the year, in some instances the rating information in the guide may be outdated by the time the guide is published and distributed. This amendment, providing for a report every two years, will reduce the Department's publication and distribution costs and will relieve the Department's already limited resources from this very time-consuming project.

Section 338 of the Insurance Law was enacted in 1992 as part of a consumer protection initiative intended to monitor the performance of the voluntary market for automobile insurance and that of the Automobile Insurance Plan for the purpose of achieving a depopulation of the Plan. The required report is expensive to produce, however, and is worked on by certain Department personnel for over six months. This amendment will reduce the Department's publication and distribution costs and will relieve the Department's already limited resources from this very time-consuming project. Additionally, the three-year period set forth in this bill would coincide with Plan's three-year assignment period, and would give the Department sufficient time in which to gauge the effectiveness of the various depopulation mechanisms recently implemented.

The bill deletes the requirement that insurers report annually to the Superintendent of Insurance the number of contract holders who have been issued policies for the inpatient treatment of alcoholism and the approximate number of persons covered by such policies. The requirement was enacted at a time when the possibility of enacting a mandate requiring the coverage of inpatient treatment of alcoholism was being considered. The enactment of such a mandate is no longer being considered and the information required by the report is no longer necessary.

The bill also deletes the requirement of Chapter 245 of the Laws of 1986 that the Superintendent of Insurance provide biennially a report to the Governor and the Legislature on the implementation of the long-term care insurance legislation. The report was required because at that time long-term care insurance was considered experimental. The report is no longer useful or appropriate since long-term care insurance is no longer experimental and the Insurance Department has established minimum standards for long-term care insurance.
Senate Bill 7061 (Sen. Saland)

2. Viatical Settlement Brokers

To amend the licensing procedures for viatical settlement brokers to provide for a reduced license fee, a biennial license period, a requirement for prelicensing education, a qualifying examination, continuing education, elimination of the annual statement requirement and elimination of the examination expense requirement.

The function of a viatical settlement broker is to introduce viators to viatical settlement companies and to represent viators in negotiating viatical settlements in return for a fee or commission. The function and method of compensation of a viatical settlement broker is, therefore, similar to that of an insurance broker licensed under Section 2104 of the Insurance Law.

The Department requires an annual statement from insurance companies and requires that insurance companies bear the expenses of Department examinations of their records but does not impose these requirements on insurance brokers. Since viatical settlement brokers do not maintain funds or incur obligations in the performance of their functions, there does not appear to be a need for an annual statement from them. Nor does there appear to be a basis for treating them differently with regard to the expenses of the Department's examination of their records.

Although there is a need for viatical settlement brokers to act on behalf of viators in shopping for the best viatical settlement available, those inquiring about license requirements are discouraged from applying for the license when they learn of the current fee. A more reasonable fee will undoubtedly encourage greater participation in this business.

Although there are licensing requirements in Article 78, there are no specific education and qualifying examination requirements in the present law. The addition of prelicensing and continuing education requirements as well as an examination to demonstrate qualifications will assure that viatical settlement brokers are sufficiently knowledgeable to serve the needs of viators.
Senate Bill 7058 (Sen. Leibell); Assembly Bill 10910 (Rules at request of Mr. Grannis)

3. Product Liability Insurance Rate Procedure

To repeal Section 2327 of the Insurance Law requiring the Superintendent to promulgate a regulation governing the establishment of premium rates for product liability insurance.

Section 2327 of the Insurance Law was enacted in 1979 to address an affordability problem in the product liability insurance marketplace. However, the safeguards built into such Section were subsequently made part of and expanded upon in legislative reforms in 1986, which were passed in response to the liability insurance crisis of the mid-1980s. Accordingly, the provisions of Section 2327 are now redundant. In accordance with Governor Pataki's Executive Order #2, the Department has been asked to update and revise items contained in Regulation 57 ("Responsibilities in the Construction and Application of Rates"). Part 160.6 thereof, regarding product liability rates, is being deleted. Such provisions, added to the Regulation pursuant to Section 2327, were rendered obsolete with the promulgation of Regulation 129 in 1986.
Senate Bill 7018 (Sen. Larkin); Assembly Bill 10909 (Rules at request of Mr. Grannis)

4. Mortgage Guaranty, Financial Guaranty, and Credit Insurance

To amend Section 3426(1)(2) of the Insurance Law to specify that mortgage guaranty, financial guaranty and credit insurance are exempt from the cancellation and nonrenewal provisions of the statute. To expand financial guaranty insurers' ability to insure obligations in non-U.S. denominated currencies. To eliminate the requirement that financial guaranty insurers file their rates.

Section 3426 of the Insurance Law was enacted in 1986 as a means of combating the liability insurance crisis of the mid-1980s. The legislative intent of the statute is specifically geared toward commercial property and liability insurance purchased by the business community and public entities. The types of coverage afforded under policies of mortgage guaranty, financial guaranty and credit insurance clearly do not fall within that concept. In fact, at the time of the enactment of Section 3426, financial guaranty insurance was not a type of insurance defined in Section 1101(a) of the Insurance Law. The lines of credit and mortgage guaranty insurance are prior approval coverages pursuant to Section 2305, whose markets are limited and have maintained stability. Insureds under these policies are sophisticated and do not need these protections. The exemption of these types of insurance from the requirements of Section 3426 will streamline the rate and form filing process for the Insurance Department and the industry.

The bill would allow financial guaranty insurers to provide insurance for obligations denominated in currencies of countries that meet investment grade standards, but are not members of OECD. In addition, the bill allows the financial guaranties of obligations denominated in currencies of countries that do have a sovereign rating of investment grade, provided the Superintendent does not disapprove such insurance on the basis of having undue risk.

Financial guaranty insurance is a product purchased by sophisticated insureds. The current rate filing requirement often hampers the marketing and development of this product, due to the time constraints and delays involved in the rate filing process. Moreover, financial guaranties are individual risks and are not conducive to the filing of generic rates. The filing process, albeit informational, is cumbersome and is not necessary in view of the sophistication of the insureds.
Senate Bill 7066 (Sen. Velella)

5. <u>Group Insurance for Motor Clubs</u>

To permit certain types of group property/casualty insurance for members of motor clubs.

Motor clubs, such as the American Automobile Association, typically provide emergency road services to their members. These services usually include towing, battery recharging, tire changing and other trip interruption services. These clubs also provide bail and arrest bonds. Insurance Department Circular Letter No. 2 (1979) stated that motor clubs could purchase insurance coverage that provided the above listed benefits on a group policy basis. However, specific group property/casualty insurance sections such as Sections 3435 and 3442 were enacted subsequent to the issuance of the Circular Letter and are the exclusive vehicles for group property/casualty insurance in New York. Accordingly, this bill is necessary to allow motor clubs to continue to provide this type of group property/casualty insurance to their members. The coverages in this bill are not a substitute for a regular motor vehicle physical damage and liability insurance policy. The coverages are limited to providing additional protection in emergency road service situations.

Because these policies are issued on a group basis, and the premium is typically small, the normal cancellation and nonrenewal provisions of Sections 3425 and 3426 are not appropriate. Accordingly, the bill contains provisions tailored to the unique nature of the coverages. Under the bill, only an authorized insurer may provide the coverage. The bill provides that these policies will not be subject to the flex-rating provisions of Sections 2344 and 2350. They will instead be subject to the provisions applicable to file and use under Section 2305 of the Insurance Law. The forms will be subject to prior approval, as are other policy forms, under Article 23. However, since bail and arrest bonds are types of surety, they are exempt from policy form filing requirements, as provided in 11 NYCRR 66 (Regulation 76).
Senate Bill 7421 (Sen. Leibell)

6. Satellite Offices of Agents and Brokers

To amend the supervision requirements for satellite offices of those holding agent and/or broker licenses.

Enabling supervision of satellite offices by one or more persons licensed to do all the kinds of business to be transacted in that office assures knowledgeable service to the insurance-buying public while reducing the staffing costs of maintaining satellite offices; licensees need only provide supervision for the kinds of business to be transacted in that office and a licensee holding a broker license authorizing the sale of property/casualty coverage may supervise the satellite office of the holder of a property/casualty agent license without also having an agent at that office. The converse is also true in that a property/casualty agent may supervise the satellite office of a property/casualty broker.
Senate Bill 7270 (Sen. Alesi); Assembly Bill 10911 (Rules at request of Mr. Grannis)

7. Hedging Transactions

To amend the Insurance Law to expand the types of nonlife insurers that can engage in hedging transactions and to permit these insurers to enter into additional types of hedging transactions.

This bill would permit domestic mortgage guaranty insurers, financial guaranty insurers and accident and health insurers to use derivative transactions for hedging purposes. These insurers face risks associated with investments and with fluctuations in foreign currencies that are similar to those experienced by property/casualty insurers. With the safeguards contained in the Insurance Law, such as the increased reserve requirement, the filing of hedging plans and limitations on the amount of derivatives that can be used, such insurers would benefit from the ability to effectively and prudently hedge risk with derivative instruments.

This bill would permit these nonlife insurers to utilize derivative contracts not currently permitted under the Insurance Law, which now limit nonlife insurers to derivatives traded on a national securities exchange or a board of trade regulated by the United States. Many derivative instruments are traded over-the-counter by brokers and dealers. Although these over-the-counter instruments contain some additional degree of credit risk with respect to the counterparty to the contract, such risk can be mitigated by the use of brokers and dealers that meet quality standards. These standards are contained in the proposed legislation. It should be noted that life insurers can currently engage in over-the-counter derivative transactions that are transacted through qualified brokers and dealers meeting the same quality standards proposed under this bill.
Senate Bill 7346 (Sen. Skelos)

8. Risk-Based Capital Standards for Property/Casualty Insurers

a. To expand the use of risk-based capital standards, currently applicable to life and accident and health insurers, to property/casualty insurers.

b. To provide a more flexible and realistic statutory capital level that changes in relation to the size of the insurer and the level of risk inherent in an insurer's operations.

c. To identify inadequately capitalized insurance companies that write property/casualty business.

d. To provide the Superintendent of Insurance with appropriate remedies as a property/casualty insurance company's financial condition deteriorates and its capital falls below thresholds established by the risk-based capital formula.

The insurance industry has undergone a solvency crisis in the last decade. The solvency of the property/casualty industry has raised concerns among consumers, legislators and regulators. In 1993, the New York Legislature applied risk-based capital standards to life and accident and health insurers through the enactment of Section 1322 of the Insurance Law. These amendments will extend risk-based capital standards to the property/casualty insurance industry.

The new Section 1323 incorporates the use of a risk-based capital formula that has been designed by regulators to establish minimum capital requirements based upon the risks applicable to the operations of individual insurers. It takes into consideration industry performance, individual insurer characteristics and the allocation of reserves and premiums in the property/casualty insurance industry.

The structure and methodology of the formula used to calculate the risk-based capital have been developed by the National Association of Insurance Commissioners (NAIC) and may be revised by that Association from time to time. However, the proposed bill specifically refers to the NAIC formula in effect as of 12/31/95. Although the industry average loss reserve and loss ratio development factors used in the formula would be updated in accordance with the 12/31/95 RBC instructions, any changes to the structure and methodology of the formula that are adopted by the NAIC subsequent to 12/31/95 would require legislative approval to become effective in New York.

The bill will require property/casualty insurers licensed in New York to calculate their risk-based capital and, in addition, will provide the Superintendent with appropriate remedies as an authorized insurer's financial condition deteriorates (*i.e.*, its capital falls below RBC standards). The revisions provide a new minimum level of capital at which the Superintendent must act to place an insurer under his or her control. The proposal effectively raises the statutory capital level from its current arbitrary and generally low fixed dollar amounts to a more flexible and realistic base that changes in relation to the size of the insurer and the level of risk inherent in an insurer's operations.

Risk-based capital is intended to strengthen the safety net that statutory surplus currently provides for policyholder obligations. While risk-based capital provides a threshold amount of capital, it does not set the precise amount of capital a property/casualty insurer needs to operate in a competitive, dynamic and uncertain marketplace. It cannot address all the risks associated with the operations of an insurer. Accordingly, an excess of capital over the amount produced by the risk-based capital requirements contained in this bill is desirable in the business of insurance, and insurers should seek to maintain capital well above the RBC levels required by this bill. Furthermore, since RBC is not a precise amount of capital to be maintained, the proposed legislation specifically prohibits its use for ranking and advertising, or as a standard for the establishment of premium rates.

The proposed legislation provides the Superintendent with a powerful and effective new tool to measure capital adequacy of property/casualty insurance companies. The proposed capital standard will enable the Superintendent to more effectively employ statutory remedies and, in conjunction with the array of other solvency tools, hasten intervention into troubled situations. Risk-based capital will not preclude in any way other powers and duties of the Superintendent. It will only supplement those powers. These standards will greatly enhance New York's strong, effective regulation of insurers. The bill would exempt from risk-based capital standards (1) small single-state insurers writing less than $20 million in direct premium and (2) medical malpractice insurers that write the vast majority of their business in New York State.
Senate Bill 6872 (Sen. Velella); Assembly Bill 10907 (Rules at request of Mr. Grannis)

9. Multiple Employer Welfare Arrangements - Protections

To establish a system of authorization and regulation of multiple employer welfare arrangements (MEWAs) in this State, in order to assure that such arrangements are operated on an actuarially sound basis with appropriate financial, product and other standards to protect plan participants and promote fair competition. Problems associated with self-funded, unregulated multiple employer welfare arrangements have been documented in reports prepared by or on behalf of the U.S. General Accounting Office, the U.S. Senate's Permanent Subcommittee On Investigations and the U.S. Department of Labor. Inadequate funding has resulted in insolvencies leaving thousands of workers and their families with unpaid claims and without insurance coverage. In addition, the lack of regulatory oversight has resulted in the marketing to unsuspecting employers and employees of substandard benefit plans (with impermissible restrictions, limitations and exclusions) that unfairly compete with the health insurance products of authorized insurers.

However, if properly regulated and limited so as to exclude unscrupulous sponsors, multiple employer welfare arrangements provide employers with a financially sound alternative to conventional coverage purchased directly from an insurer. Collectively bargained arrangements and municipal cooperative health benefit plans currently permit employers, labor unions and municipal corporations to join together and cooperatively share the funding of such plans. It should be noted that prior to the federal Multiple Employer Welfare Arrangement Act of 1983 (PL. 97-473), a group or association of employers establishing an ERISA-covered plan could lawfully self-fund plan benefits by virtue of ERISA preemption. It is not clear how many of these association programs continue to fund plan benefits on a shared-funding basis.

It does not make sense to permit shared-funding by collectively bargained arrangements and municipal cooperatives, while prohibiting the same activity for bona fide association groups. However, without legislation expressly authorizing such shared-funding, legitimate MEWAs, including ERISA-covered MEWAs, that continue to or attempt to self-fund or retain any portion of the health insurance risk can be viewed as violating the unauthorized insurer provisions of the Insurance Law. This bill includes appropriate safeguards to prevent unscrupulous promoters from commencing MEWA operations in this State. To receive a certificate of authority, the MEWA must be either an ERISA-covered plan (subject to ERISA fiduciary standards), an employee leasing arrangement or established and maintained by a bona fide association group.

The bill also includes the same financial safeguards that apply to municipal cooperative health benefit plans. The minimum reserve and surplus requirements, stop-loss requirements, and filing and reporting requirements should serve to ensure that authorized MEWAs are operated on an actuarially sound basis. These financial safeguards should promote the stability and solvency of existing MEWAs and prevent inadequately funded or incompetently managed programs from commencing operation in this State. This bill also makes multiple employer welfare arrangements and their benefit plans subject to established standards regarding benefits, participation and rating in order to protect consumers, prevent unfair competition, and ensure a more level playing field between such arrangements and licensed insurers. The enrollment and participation requirements in the bill should improve access and affordability for employers and other small groups, by preventing MEWAs from underwriting or otherwise selecting against the regulated small group market.

The bill takes cognizance of the existing law in New York on community rating. The community rating requirement in the bill should help to stabilize contribution (or premium) rates charged because it applies to all employers participating in the plan regardless of size or medical condition of covered employees and retirees, and their dependents. To not include the community rating requirement would result in an unlevel playing field.
Senate Bill 7442 (Sen. Hannon)

10. Protection Against Cancellation and Nonrenewal

To extend the provisions of Section 3425(m) of the Insurance Law, regarding the cancellation and nonrenewal of private passenger automobile policies, to August 1, 2000.

Under current law, insurers may annually nonrenew or conditionally renew up to 2% of the private passenger automobile policies in force in any given rating territory in the State. This provision allows insurers a measure of flexibility in underwriting while, at the same time, providing for continuity and stability in the availability of auto insurance throughout the State. The 2% restriction also encourages highway safety and emphasizes that risks with the least favorable experience during the previous policy period are removed from an insurer's business portfolio. These rules have helped maintain stability in the automobile insurance marketplace and should continue in the best interests of the public and the industry.
Senate Bill 7614 (Sen. Velella); Assembly Bill 10678 (Mr. Grannis)

11. Commercially Domiciled P/C Insurers - Holding Company Transactions

To extend the provisions of Article 15 of the Insurance Law (Holding Companies) to certain licensed foreign property/casualty insurers which will now be deemed to be domestic insurers for the purposes of Article 15, on the basis of the amount of premiums written in New York.

The bill would amend subsection (d) of Section 1501 of the Insurance Law, currently applicable only to certain licensed life insurers, to make such subsection apply to certain licensed foreign property/casualty insurers. Under the provisions of Section 1501(d), a licensed foreign life insurer, whose New York premiums are 20% or more of its total writings and whose New York premiums are greater than writings in its domiciliary state, is deemed to be a domestic insurer (a commercially domiciled insurer) for purposes of complying with the provisions of Article 15, provided that written notice of the applicability of this subsection is given to such company by the Superintendent prior to Article 15's being applicable.

This bill would only affect licensed foreign property/casualty insurers that write more than 20% of their total gross premiums in New York, and that write more business in New York than in their state of domicile. Such companies may currently enter into holding company transactions with implications far greater to New York policyholders and the New York security fund as compared to the effect on policyholders and the security fund in their state of domicile. This leads to competitive advantages for foreign insurers over New York insurers (with a concurrent negative impact on New York employment) at the potential peril of New York policyholders and the guaranty fund. The recent acquisition of the Home Insurance Group points out the need for this legislation, as the Department had no statutory authority even though the Home Group had significant writings and presence in New York. Two of the foreign insurers in the Home Group would have qualified as commercially domiciled insurers and thereby the provisions of Article 15, including the requirement of Department approval for a change in control, would have been applicable.

Holding company transactions can have serious implications on the operations and solvency of controlled foreign insurers. Requiring commercially domiciled foreign licensed property/casualty insurers to comply with the provisions of Article 15 would give the Insurance Department the opportunity to monitor these transactions and interpose possible objections where such transactions may be to the detriment of New York policyholders, claimants and the public.

Based upon 1994 annual statement data, there are 63 licensed foreign property/casualty companies out of a total of 455 foreign licensees that could be subject to Article 15. Of these 63 companies, 11 wrote no premiums in their state of domicile. Similar legislation in other states was used as a model for the proposed amendment to Section 1501(d). Such legislation, containing the same or similar premium thresholds, resulted in the addition of commercially domiciled insurers as regulated entities to the following state insurance codes: Section 1215.13 of the California Insurance Code; Section 624.80 of the Florida Insurance Law; Article 21.49-1 of the Texas Insurance Code; and Chapter 14-206 of the Utah Insurance Code.
Senate Bill 7065 (Sen. Velella); Assembly Bill 10906 (Rules at request of Mr. Grannis)

12. Technical Corrections

To make technical corrections in a number of sections of the Insurance Law.

The bill corrects an inadvertent error in Section 1322. Subsequent to the enactment of Section 1322 in New York in 1993, it came to the attention of the persons who developed the National Association of Insurance Commissioners Model Act, on which Section 1322 was based, that "regulatory" should be replaced with "company." The NAIC Model Act was subsequently corrected and, accordingly, the New York statute should also be corrected at this time.

Due to changes to Article 14 enacted in Chapter 324 of the Laws of 1992, the cross-references to provisions of Article 14 set forth in Section 6507 require a technical conforming revision.

The remaining sections of this bill correct spelling errors or renumber or reletter various provisions of the Insurance Law. In each instance, the amendments are technical in nature and eliminate confusion in the law.
Senate Bill 7308 (Sen. Alesi); Assembly Bill 10908 (Rules at request of Mr. Grannis)

13. Article 43 Corporations and HMOs

To amend the Insurance Law to (1) require annual certified public accountant reports of Article 43 corporations to contain the underwriting gain or loss by type of contract, segmented between community-rated and experience-rated business; (2) require Article 44 health maintenance organizations to file with the Commissioner of Health annual statements and certified public accountant reports set forth in Section 307 of the Insurance Law; (3) increase the number of directors of any Article 43 corporation to 13; and (4) prohibit the chairman of the board of directors from being the president or chief executive officer of certain Article 43 corporations.
Senate Bill 6812 (Sen. Velella)

VI. REGULATORY ACTIVITIES
A. OPERATING STATISTICS

Table 55

SUMMARY OF STATISTICAL TABLES AS OF DECEMBER 31, 1994 -- PRIOR TO AUDIT

(dollar amounts in millions)

Company Type (1)	As of Dec. 31				For the year			
					Total Business (Net of reinsurance)		New York State Business (Direct)	
	Number of Insurers(2)	Admitted Assets	Liabilities	Surplus & Capital Funds	Premiums Written(3)	Losses Paid(4)	Premiums Written(5)	Losses Paid(6)
					--- All NYS-Licensed Companies (all domiciles) ---			
otal	982	$1,731,217	$1,512,757	$218,457	$382,368	$283,777	$59,780	$45,149
Property and Casualty	679	546,746	397,864	148,881	183,823	117,639	21,656	13,402
Life(7)	143	1,114,046	1,057,870	56,176	171,317	147,764	22,544	18,569
Accident and Health	14	4,671	2,999	1,672	3,208	2,274	406	235
Fraternal	50	41,158	37,755	3,403	4,476	2,260	125	47
Health Service and Medical and Dental Indemnity(8)	16	4,583	3,798	785	7,933	7,220	7,933	7,220
Health Maintenance Organizations(8)	31	1,596	1,020	576	6,565	5,770	6,404	5,595
Title	20	1,953	1,289	664	2,694	149	334	16
Mortgage Guaranty	17	6,196	4,088	2,107	1,507	691	111	60
Financial Guaranty	12	10,268	6,074	4,193	845	10	267	5
					--- New York State Domiciled Companies ---			
tal	376	480,462	439,812	40,650	89,943	73,374	32,461	28,023
Property and Casualty	208	65,227	51,304	13,923	17,412	9,518	6,414	3,654
Stock	134	46,594	34,553	12,041	13,289	7,087	2,746	1,551
Mutual	19	17,025	15,498	1,527	3,565	2,105	2,903	1,682
Advance Premium Co-op.	20	678	472	206	356	227	525	304
Reciprocals	4	774	717	57	143	63	160	67
Assessment Co-op.(9)	31	156	64	92	59	36	80	50
fe(7)	89	401,395	379,111	22,284	56,915 a	50,734 b	11,087	11,441
ccident and Health	8	145	76	69	213 a	104 b	208	95
aternal	8	98	88	10	8	8	6 c	5 d
ealth Service and Medical and Dental Indemnity(8)	16	4,583	3,798	785	7,933 e	7,220 f	7,933	7,220
ealth Maintenance Organizations(8)	31	1,596	1,020	576	6,565 g	5,770 h	6,404 g	5,595 h
tle	9	225	113	112	294	12	185	8
ortgage Guaranty	1	134	18	115	19	0	0	0
nancial Guaranty	6	7,059	4,284	2,776	584	8	224	5
					--- Other States' Domiciled Companies ---			
al	583	1,239,313	1,064,289	175,024	289,939	208,738	27,123	16,998
operty and Casualty	449	473,547	340,845	132,702	164,241	106,650	15,049	9,621
tock	395	351,540	261,305	90,235	115,900	73,285	12,157	7,713
lutual	50	112,992	74,473	38,519	44,639	30,802	2,772	1,836
eciprocals	4	9,016	5,067	3,948	3,702	2,563	120	72
e(7)	54	712,651	678,759	33,892	114,403 a	97,030 b	11,457	7,128
cident and Health	6	4,526	2,923	1,603	2,995 a	2,169 b	198	140
ternal	41	37,590	34,725	2,865	4,151	2,059	116 c	41 d
e	11	1,728	1,176	552	2,400	137	149	8
rtgage Guaranty	16	6,062	4,070	1,992	1,487	691	111	60
ancial Guaranty	6	3,209	1,791	1,418	262	2	43	0
					--- Alien Domiciled Companies ---			
l	23	11,442	8,657	2,784	2,490	1,664	195	128
perty and Casualty	22	7,972	5,715	2,256	2,171	1,471	192	127
ternal	1	3,470	2,942	528	319	193	3	1

NOTE: Detail may not add to totals due to rounding.
See notes next page

Notes to Table 55

1 Excludes 13 pension funds, 8 variable supplements funds and 88 charitable annuity societies.

2 Insurers licensed in New York State as of 12/31/94, some of which did no business in 1994

3 "Net Premium Written" except where noted

4 "Net Losses Paid" except where noted

5 "Direct Premium Written" except where noted

6 "Direct Losses Paid" except where noted

7 Includes A&H insurance. Also includes transactions of savings bank life insurance departments, which are counted as one insurer.

8 Five health service corporations contain health maintenance organizations as lines of business. These do not segregate balance sheet data (assets, liabilities, and surplus) of their HMOs. Such data are included in the health service category. Premium and loss data for the line-of-business HMOs were removed from health service totals and are included with the HMOs.

9 Includes nine assessment cooperatives that do not file electronic statements.

a Gross Premium (less reinsurance), plus considerations for supplementary contracts

b Includes all benefits except dividends to policyholders. Excludes changes in reserves.

c Payments Received from Members

d Insurance Benefits Paid to Members

e Premiums Earned

f Claims Incurred

g Includes revenue from premiums, Medicare, and Medicaid. Excludes fee-for-service and miscellaneous revenues.

h Medical and Hospital Expenses

2. Results of Examinations for Licenses

Table 56
RESULTS OF EXAMINATIONS FOR LICENSES
Adjusters, Agents, Brokers and Consultants
1994 and 1995

Type of Examination	1995 Number Taking Examination	1995 Percent Passing	1994 Number Taking Examination	1994 Percent Passing
Total	31,983	57%	31,306	56%
Public Adjusters	83	39	116	28
Independent Adjusters - Total	1,165	62	840	46
Accident & Health	34	41	32	50
Automobile	204	57	124	53
Aviation	0	0	2	50
Casualty	275	61	134	69
Fidelity and Surety	1	0	3	33
Fire	115	47	121	47
General (All Lines)	271	52	259	50
Health Service Charges	3	67	0	0
Inland Marine	16	13	41	27
Limited Auto (Damage or Theft Appraisals only)	246	91	124	90
Agents - Total	27,954	56	27,377	56
Accident & Health	11,822	55	12,127	54
Life and SBLI	14,953	56	14,347	57
Mortgage Guaranty	3	67	1	50
General Agent (P&C)	1,167	69	895	68
Bail Bond	9	67	7	57
Credit	0	0	0	0
Brokers	2,780	61	2,971	61
Consultants - Total	1	100	2	0
General	1	100	1	0
Life	0	0	1	0

Table 57
LICENSES ISSUED DURING YEAR
1994 and 1995

	1995	1994
Total	**120,066**	**60,839**
Adjusters[a]		
Independent Renewable annually January 1 under Section 2108(c)	1,723	1,920
Public Renewable annually January 1 under Section 2108(c)	277	439
Agents[b]		
Life and Accident & Health Renewable biennially as of July 1 of odd-numbered years under Section 2103(a)	89,450	13,591
Savings Banks Life Cert. Holders Perpetual under Section 2203	3,416	333
Fire, Casualty, Fidelity & Surety Renewable biennially as of July 1 of even-numbered years under Section 2103(b)	2,370	22,322
Rental Vehicle Renewable biennially as of July 1 of even-numbered years under Section 2131	9	58
Mortgage Guaranty Insurance Perpetual under Section 6505	6	8
Bail Bond[a] Renewable annually January 1 under Section 6802(c)	25	44
Limited Lines 2103(g)(6)	0	31
Brokers[c]		
Excess Line[c] Renewable annually November 1 under Section 2105	254	263
Regular Renewable biennially November 1 under Sec. 2104	22,008	21,101
Viatical Settlement Renewable annually December 1 under Sec. 7802	3	0*

Consultants[d]		
Life Insurance Consultant Renewable annually April 1 under Section 2107	230	112
General Insurance Consultant Renewable annually April 1 under Section 2107	45	335
Reinsurance Intermediaries[e] Renewable annually September 1 under Section 2106(a)	250	282

[a] Adjusters and bail bond agents are renewable on a biennial basis as of January 1 of odd-numbered years.

[b] Agents for life, annuities and accident & health insurance are renewable biennially as of July 1 of odd-numbered years. Property and casualty agents are renewable biennially as of July 1 of even-numbered years. Section 2203 SBLI Certificate Holders are renewable biennially as of July 1 of odd-numbered years. Section 6505 agents are licensed on a perpetual basis.

[c] Brokers and excess line brokers are renewable biennially as of November 1 of even-numbered years.

[d] Consultants are renewable on a biennial basis, life consultants as of April 1 of odd-numbered years and general consultants as of April 1 of even-numbered years.

[e] Reinsurance intermediaries are renewable annually as of September 1.

* Regulation 148, which became effective July 27, 1994, requires among other provisions that viatical settlement brokers become licensed by the Insurance Department. Those who filed applications by October 4, 1994 may act as viatical settlement brokers until the licenses are issued.

3. Changes in Status of Authorized Insurers During 1995

a. Life Insurance Companies

Domestic Company Incorporated

First Jackson National Life Insurance Company,
County of Westchester.. July 11

Domestic Company Licensed

First Security Benefit Life Insurance and Annuity Company of New York,
White Plains, NY.. July 31

Foreign Companies Licensed

Nippon Life Insurance Company of America,
Des Moines, IA.. Feb. 28
Pioneer National Life Insurance Company,
Topeka, KS.. Aug. 29

Restated Charters Filed

Franklin United Life Insurance Company,
Garden City, NY.. Jan. 20
Amalgamated Life Insurance Company,
New York, NY.. Feb. 14
First Providian Life and Health Insurance Company,
Johnson City, NY.. Mar. 6
Columbian Mutual Life Insurance Company,
Binghamton, NY.. Apr. 4
Washington National Life Insurance Company of New York,
Binghamton, NY.. Apr. 19
First Fortis Life Insurance Company,
Syracuse, NY.. May 9
Columbian Mutual Life Insurance Company,
Binghamton, NY.. July 14
American Family Life Assurance Company of New York,
Albany, NY.. July 21
Washington National Life Insurance Company of New York,
Binghamton, NY.. Sept. 27
Bankers Life Insurance Company of New York,
Woodbury, NY.. Nov. 13

Amendments to Charter Filed

Allstate Life Insurance Company of New York,
Huntington Station, NY.. Jan. 18
Franklin United Life Insurance Company,
Garden City, NY.. Jan. 20
Ausa Life Insurance Company, Inc.
New York, NY.. Feb. 14

Life Insurance Company of Boston & New York,
New York, NY .... Feb. 16

National Home Life Assurance Company of New York,
Johnson City, NY .... Mar. 6

Bankers Life Insurance Company of New York,
Woodbury, NY .... Mar. 16

National Benefit Life Insurance Company,
New York, NY .... Mar. 20

Intramerica Life Insurance Company,
Pearl River, NY .... May 12

North American Reassurance Company,
New York, NY .... May 17

First Xerox Life Insurance Company,
New York, NY .... Aug. 18

North Atlantic Life Insurance Company of America,
Woodbury, NY .... Sept. 5

American General Life Insurance Company of New York,
Syracuse, NY .... Oct. 23

Allstate Life Insurance Company of New York,
Farmingville, NY .... Nov. 9

Changes of Name

"National Home Life Assurance Company of New York" to
"First Providian Life and Health Insurance Company,"
Johnson City, NY .... Mar. 6

"North American Reassurance Company" to
"Swiss Re Life Company America,"
New York, NY .... May 17

"First Xerox Life Insurance Company" to "First Cova
Life Insurance Company,"
New York, NY .... Aug. 18

Merger Agreements Filed

American Crown Life Insurance Company, of New York, NY into
John Alden Life Insurance Company of New York,
Montebello, NY .... Jan. 1

Pioneer National Life Insurance Company of America, of Topeka, KS into
First Security Benefit Life Insurance and Annuity Company,
New York, NY .... Aug. 29

North Atlantic Life Bankers Security Life Insurance Society,
Insurance Company of America, of Woodbury, NY into
Woodbury, NY .... Dec. 27

Franklin United Life Insurance Company, of Uniondale, NY into
American General Life Insurance Company of New York,
New York, NY .... Dec. 31

b. Accident and Health Insurance Companies

Domestic Company Incorporated

The MetraHealth Insurance Company of New York,
County of Suffolk .... Feb. 8

Domestic Company Licensed

The MetraHealth Insurance Company of New York,
Hauppauge, NY .... Sept. 20

c. Not-For-Profit Health Service Corporations

Domestic Companies Licensed

CCLI Health Services Corporation,
Melville, NY .... May 17

Integrated Benefits Corporation,
Buffalo, NY .... Dec. 6

d. Savings Banks (Life Insurance Departments)

Changes of Name

"The Dime Savings Bank of New York" to
"The Dime Savings Bank of New York, FSB,"
Bronx, NY .... Jan. 13

"The Green Point Savings Bank" to
"GreenPoint Bank,"
Flushing, NY .... Mar. 17

Merger

Anchor Savings Bank,
Hewlett, NY
merged into The Dime Savings Bank of New York, FSB,
Bronx, NY .... Jan. 13

Converted to Federal Charter

The Dime Savings Bank of New York, FSB,
Bronx, NY .... Jan. 13

Home Savings of America,
Brooklyn, NY .... Sept. 22

e. Property and Casualty Insurance Companies

Domestic Companies Incorporated

Spirit Insurance Company, Nassau County, NY	Jan. 26
Graphic Arts Insurance Company, Oneida County, NY	June 7
Chelsea Insurance Company, New York County, NY	July 17
Canadian Union Insurance Company of America, Nassau County, NY	Aug. 29
Adirondack Insurance Company, Westchester County, NY	Oct. 17

Domestic Companies Licensed

Chiyoda Fire and Marine Insurance Company of America, New York, NY	Jan. 1
Pioneer Mutual Insurance Company, Greenville, NY	Nov. 30

Foreign Companies Licensed

Surety Bonding Company of America, Sioux Falls, SD	Jan. 9
Northern Security Insurance Company, Inc. Montpelier, VT	Jan. 18
Prudential National Insurance Company, Phoenix, AZ	Mar. 1
Commercial Casualty Insurance Company, Pleasanton, CA	Mar. 3
Regal Insurance Company, Indianapolis, IN	Mar. 21
Victoria Fire & Casualty Company, Cleveland, OH	Mar. 21
Connecticut General Fire and Casualty Insurance Company, Bloomfield, CT	Mar. 22
Colonial Insurance Company of California, Anaheim, CA	Mar. 31
Computer Insurance Company E. Providence, RI	Apr. 5
Premier Insurance Company, Maitland, FL	Apr. 25
Colonial American Casualty and Surety Company, Baltimore, MD	May 24
Colonial Surety Company, Harrisburg, PA	July 19
Butler Insurance Company, Indianapolis, IN	Aug. 23
Leader National Insurance Company, Independence, OH	Aug. 28

First National Insurance Company of America,
Seattle, WA........ Oct. 17
The Mountbatten Surety Company, Inc.
Bala Cynwyd, PA .... Oct. 19
United Casualty and Surety Insurance Company,
Boston, MA........ Oct. 30
Minnesota Fire and Casualty Company,
Minnetonka, MN........ Nov. 17
Underwriter for the Professions Incorporated,
Napa, CA........ Nov. 20
Bankers and Shippers Indemnity Company
Burlington, NC........ Nov. 21
National Interstate Insurance Company,
Cleveland, OH........ Dec. 4
USF Insurance Company,
Philadelphia, PA........ Dec. 13
Heritage Indemnity Company,
Augoura Hills, CA........ Dec. 28
Scottsdale Indemnity Company,
Columbus, OH........ Dec. 28
Progressive Northern Insurance Company,
Madison, WI........ Dec. 28
Progressive Northwestern Insurance Company,
Bothell, WA........ Dec. 28

Amendments to Charter Filed

Hermitage Insurance Company,
White Plains, NY........ Jan. 4
Agway Insurance Company,
DeWitt, NY........ Jan. 5
U.S. Capital Insurance Company,
White Plains, NY........ Jan. 13
The Yasuda Fire & Marine Insurance Company of America,
New York, NY........ Jan. 19
Executive Insurance Company,
New York, NY........ Feb. 7
Atlantic Reinsurance Company,
New York, NY........ Feb. 15
Commerce and Industry Insurance Company,
New York, NY........ Feb. 16
Centennial Insurance Company,
New York, NY........ Feb. 28
Exchange Insurance Company,
Buffalo, NY........ Feb. 28
HANYS Insurance Company, Inc.,
Albany, NY........ Mar. 2
The Baloise Insurance Company of America,
New York, NY........ Mar. 8
Atlantic Mutual Insurance Company,
New York, NY........ Apr. 4
Westchester Fire Insurance Company,
New York, NY........ Apr. 4

Motors Insurance Corporation,
Yonkers, NY .... May 18
Medco Containment Insurance Company,
New York, NY .... July 18
First Community Insurance Company,
Bedford, NY .... Aug. 4
Assurance Company of America,
New York, NY .... Sept. 27
Northern Insurance Company of New York,
New York, NY .... Sept. 27
The Baloise Insurance Company of America,
New York, NY .... Sept. 28
Unione Italiana Reinsurance Company of America, Inc.,
New York, NY .... Oct. 3
Chiyoda Fire and Marine Insurance Company of America,
New York, NY .... Dec. 19
International Credit of North America Reinsurance Inc.,
Centerport, NY .... Dec. 28
American Alternative Insurance Corporation,
New York, NY .... Dec. 29

Restated Charters Filed

Tokio Marine and Fire Insurance Company of America,
New York, NY .... Jan. 19
New York Merchant Bakers Mutual Fire Insurance Company,
Binghamton, NY .... Jan. 31
Lucky Insurance Company, Limited,
New York, NY .... Aug. 31
Fortress Insurance Company of America,
New York, NY .... Aug. 25
Erie Insurance Company of New York,
Jamestown, NY .... Oct. 20

Changes of Name

"Mt. Airy Insurance Company" to
"Coregis Insurance Company,"
Indianapolis, IN .... Jan. 17

"New York Merchant Bakers Mutual Fire Insurance Company"
to "New York Merchant Bakers Insurance Company"
Binghamton, NY .... Jan. 31

"Atlantic Reinsurance Company" to
"Atlantic Specialty Insurance Company,"
New York, NY .... Feb. 15

Nordic Union Reinsurance Corporation" to
"Permanent General Assurance Corporation,"
Nashville, TN .... Mar. 6

"Principal Casualty Insurance Company" to
"Atlanta Specialty Insurance Company,"
Des Moines, IA.. Mar. 13

"Connecticut General Fire and Casualty Insurance Company"
to "INA Insurance Company,"
Philadelphia, PA... Mar. 22

"Executive Re Indemnity Inc." to "Executive Risk
Indemnity Inc.,"
Dover, DE... Mar. 24

"London Guarantee & Accident Company of New York"
to "Business Insurance Company,"
Wilmington, DE.. Mar. 27

"The Traveler Indemnity Company of Rhode Island"
to "The Travelers Indemnity Company of Connecticut,"
Hartford, CT... May 3

"North American Reinsurance Corporation" to "Swiss
Reinsurance America Corporation,"
New York, NY... May 11

"Insurance Company of Evanston" to "Markel
Insurance Company,"
Evanston, IL.. May 12

"Finmar Reinsurance Corporation" to "Crum & Forster
Indemnity Company,"
New York, NY...... .... June 12

"Capital Enterprise Insurance Company" to "Providian
Property and Casualty Insurance Company,"
Louisville, KY... July 1

"Worldwide Underwriters Insurance Company" to "Providian
Auto and Home Insurance Company,"
Maryland Heights, MO.. July 1

"Ramsey Insurance Company" to "St. Paul Medical
Liability Insurance Company,"
St. Paul, MN... Aug. 17

"Butler Insurance Company" to "West American Insurance
Company,"
Indianapolis, IN.. Aug. 23

"Lucky Insurance Company, Limited" to "LG Insurance
Company, Limited,"
Korea (U.S. Branch-New York, NY).. Aug. 31

"Allstate National Insurance Company" to "Deerbrook
Insurance Company,"
Wilmington, DE.. Oct. 11

"The Insurance Company of Decatur" to "Anthem Casualty Insurance Company," Indianapolis, IN .... Oct. 19

"Alaska Pacific Assurance Company" to "Cigna Indemnity Insurance Company," West Des Moine, IA .... Nov. 9

"Re Capital Reinsurance Corporation" to "ZC Insurance Company," Fort Lee, NJ .... Nov. 10

"Connecticut General Fire and Casualty Insurance Company" to "INA Insurance Company," Philadelphia, PA .... Nov. 17

"Signet Star Reinsurance Company" to "North Star Reinsurance Company," Wilmington, DE .... Dec. 21

"Dependable Insurance Company, Inc." to MEDMARC Casualty Insurance Company," Jacksonville, FL .... Dec. 31

Changes in Authorized Capital

Hermitage Insurance Company, White Plains, NY (from $1,500,150 to $4,500,150.80) .... Jan. 4

Executive Insurance Company, New York, NY (from $550,000 to $600,000) .... Feb. 7

Atlantic Reinsurance Company, New York, NY (from $3,000,000 to $9,000,000) .... Feb. 15

Exchange Insurance Company, New York, NY (from $12,976,772 to $4,270,739) .... Feb. 28

Hanys Insurance Company, Inc., Albany, NY (from $1,050,000 to $1,060,000) .... Mar. 2

Westchester Fire Insurance Company, New York, NY (from $2,500,000 to $3,500,000) .... Apr. 4

Crum & Forster Indemnity Company, New York, NY (from $2,500,006.20 to $3,000,000) .... Apr. 25

Motors Insurance Corporation,
Yonkers, NY
(from $2,500,000 to $5,000,000).. May 18

Unione Italiana Reinsurance Company of America, Inc.,
New York, NY
(from $4,351,250 to $3,372,480).. Oct. 3

Crum & Forster Indemnity Company,
New York, NY
(from $3,000,000 to $3,500,000).. Nov. 14

Chiyoda Fire & Marine Insurance Company of America,
New York, NY
(from $3,000,000 to $5,000,000).. Dec. 19

American Alternative Insurance Corporation,
New York, NY
(from $5,120,000 to $80,120,000).. Dec. 29

Domestication Agreements Approved

The Chiyoda Fire & Marine Insurance Company, Ltd., (U.S. Branch)
into the Chiyoda Fire & Marine Insurance Company of America,
New York, NY.. Jan. 1

Swiss Reinsurance Company (U.S. Branch) into
Swiss Reinsurance America Corporation,
New York, NY.. June 1

Redomestications Filed

American Reliable Insurance Company,
Bloomington, MN
Minnesota to Arizona... Feb. 16

Nordic Union Reinsurance Corporation,
Dover, DE
Delaware to Tennessee.. Mar. 6

Integon Preferred Insurance Company,
New Britain, CT
Connecticut to North Carolina.. Apr. 25

The Travelers Indemnity Company of Rhode Island,
Warwick, RI
Rhode Island to Connecticut.. May 3

Massachusetts Bay Insurance Company,
Worcester, MA
Massachusetts to New Hampshire.. May 12

Metropolitan Property and Casualty Insurance Company,
Wilmington, DE
Delaware to Rhode Island... Oct. 17

Metropolitan Casualty Insurance Company,
Newark, DE
Delaware to Rhode Island... Oct. 17

Metropolitan General Insurance Company,
Wilmington, DE
Delaware to Rhode Island... Oct. 17

Metropolitan Group Property and Casualty Insurance Company,
Newark, DE
Delaware to Rhode Island... Oct. 17

Insurance Company of Decatur,
Long Grove, IL
Illinois to Indiana.. Oct. 19

Electric Mutual Liability Insurance Company,
Beverly, MA
Massachusetts to Bermuda (no longer licensed).................................. Oct. 30

Fico Insurance Company,
Washington, DC
Washington, DC to Maryland.. Nov. 8

Firemen's Insurance Company of Washington, DC,
Washington, DC
Washington, DC to Maryland.. Nov. 9

Alaska Pacific Assurance Company,
Anchorage, AL
Alaska to Iowa... Nov. 9

Connecticut General Fire and Casualty Insurance Company,
Bloomfield, CT
Connecticut to Pennsylvania... Nov. 17

Merger Agreements

Premier Insurance Company, Maitland, FL
into Finmar Reinsurance Company,
New York, NY... June 12

West American Insurance Company, of CA into
Butler Insurance Company,
Indianapolis, IN.. Aug. 23

Home Indemnity Company, Home Insurance Company of Indiana,
City Insurance Company into Home Insurance Company,
Manchester, NH... Oct. 26

Viking Fire Insurance Company, of Amherst, NY into
Minnesota Fire and Casualty Company,
Minnetonka, MN.......... Nov. 17

Indemnity Insurance Company of North America, of New York, NY
into INA Insurance Company,
Philadelphia, PA.......... Dec. 14

Conversions

New York Merchant Bakers Mutual Fire Ins. Co. from
mutual to stock company.......... Jan. 31

Chenango Mutual Insurance Company, Norwich, NY from
mutual property/casualty to advance premium
cooperative insurance company.......... Dec. 29

Withdrawn Pursuant to Section 1105 and Regulation 109

The Mayflower Insurance Company, Ltd.,
Carmel, IN.......... Jan. 1

In Liquidation

Pohjola America Insurance Corporation,
Atlanta, GA.
Voluntary liquidation.......... Nov. 16

United Community Insurance Company,
New York, NY.......... Nov. 9

f. Co-operative Property and Casualty Insurance Companies

Restated Charter Filed

Ontario-Yates Insurance Company,
Shortsville, NY.......... Apr. 1

Amendments to Charter Filed

Finger Lakes-Seneca Cooperative Insurance Company,
Trumansburg, NY.......... Apr. 3

Broome County Cooperative Fire Insurance Company,
Windsor, NY .... Apr. 21

Change of Name

"Finger Lakes-Seneca Cooperative Insurance Company"
to "Finger Lakes Fire & Casualty Company,"
Trumansburg, NY.......... Apr. 3

Conversion

Ontario-Yates Insurance Company, Shortsville, NY
from assessment property/casualty company
to advance premium property/casualty company.................................. Apr. 1

g. Title Insurance Companies

Amendment to Charter

Fidelity National Title Insurance Company of New York,
New York, NY .... July 14

Change in Authorized Capital

Fidelity National Title Insurance Company of New York,
New York, NY
(from $1,250,000 to $1,500,000)... July 14

Change of Name

"Transamerica Title Insurance Company of New York" to "Transnation
Title Insurance Company of New York,"
New York, NY.. Dec. 19

Withdrawn Pursuant to Section 1105 and Regulation 109

Mississippi Valley Title Insurance Company,
Jackson, MS.. Feb. 24

h. Mortgage Guaranty Companies

Domestic Company Licensed

Atrium Insurance Corporation,
New York, NY... Nov. 9

Change of Name

"General Electric Mortgage Insurance Corporation of California"
to "Guaranty National Insurance Company of California,"
San Jose, CA... Feb. 10

Redomestication filed

CMG Mortgage Insurance Company,
Naperville, IL
Illinois to Wisconsin... Dec. 31

Foreign Company Licensed

United Guaranty Credit Insurance Company,
Greensboro, NC... Mar. 28

i. Financial Guaranty Companies

Restated Charter Filed

Municipal Bond Investors Assurance Corporation,
Armonk, NY.. Apr. 3

Change of Name

"Municipal Bond Investors Assurance Corporation" to
"MBIA Insurance Corporation,"
Armonk, NY.. Apr. 3

j. Charitable Annuity Societies

Charitable Annuity Society Permits Issued

The Sage Colleges,
Troy, NY.. May 2
American Civil Liberties Union Foundation,
New York, NY.. June 21
The New York Public Library, Astor, Lenox and Tilden Foundations,
New York, NY.. Aug. 28
The American Museum of Natural History,
New York, NY.. Sept. 18
The Jewish Guild for the Blind,
New York, NY.. Sept. 26
The Metropolitan Museum of Art,
New York, NY.. Sept. 29
United Methodist Church Foundation, Inc.,
Cicero, NY.. Oct. 4
The Catholic Charities of the Archdiocese of New York,
New York, NY.. Nov. 2
Archdiocese of New York,
New York, NY.. Nov. 2
Department of Education, Archdiocese of New York,
New York, NY.. Nov. 2

Recognized

First of Georgia Insurance Company,
Atlanta, GA.. Mar. 23
Consolidated Insurance Company,
Indianapolis, IN.. Mar. 23

k. Accredited Reinsurers

Indiana Insurance Company,
Indianapolis, IN.. Mar. 23
Stewart Title Guaranty Company,
Houston, TX .... Apr. 18
New Jersey Re-insurance Company,
West Trenton, NJ.. July 20
Oxford Life Insurance Company,
Phoenix, AZ.. Aug. 28

New York Life and Health Insurance Company,
Wilmington, DE... Nov. 7
Zurich Re (U.K.) Limited,
London, EN... Dec. 13
Hannover Ruckversicherungs-Aktiengesellschaft,
Hannover, Germany... Dec. 21
Eisen Und Stahl Ruckversicherungs-Aktiengesellschaft,
Hannover, Germany... Dec. 21
Classic Insurance Company,
Madison, WI... Dec. 28
Progressive Southeastern Insurance Company,
Tampa, FL... Dec. 28
Columbian Life Insurance Company,
Chicago, IL... Dec. 29
The Mutual Life Assurance Company of Canada,
Waterloo, Ontario, Canada... Dec. 29

Restated Charter Filed

National Home Life Assurance Company,
Jefferson City, MO... Mar. 22

Monumental Life Insurance Company,
Baltimore, MD... Dec. 31

Changes of Name

"National Home Life Assurance Company" to
"Providian Life and Health Insurance Company,"
Jefferson City, MO... Mar. 22

"St. Louis Reinsurance Company" to
"RGA Reinsurance Company,"
St. Louis, MO... Aug. 25

"ITT Lyndon Life Insurance Company" to "Lyndon
Life Insurance Company,"
St. Louis, MO... Dec. 12

"Signet Reinsurance Company" to "Signet Star
Reinsurance Company,"
Wilmington, DE... Dec. 21

Withdrawn

Nippon Life Insurance Company of America,
Des Moines, IA... Feb. 28

Evergreen National Indemnity Company,
Columbus, OH .... June 30

National Liberty Life Insurance Company,
Frazer, PA... Oct. 3

First Colony Life Insurance Company,
Lynchburg, VA .... Dec. 13

Banner Life Insurance Company,
Rockville, MD.......... Dec. 31

Monumental Life Insurance Company,
Baltimore, MD.......... Dec. 31

Protective Life Insurance Company,
Birmingham, AL.......... Dec. 31

Security-Connecticut Life Insurance Company,
Avon, CT.......... Dec. 31

l. Fraternal Benefit Societies

Fraternal Benefit Society Licensed

Polish Falcons of America,
Pittsburgh, PA.......... Oct. 24

Change of Name

"North American Benefit Association" to "Woman's
Life Insurance Society,"
Port Huron, MI.......... Jan. 1

m. Viatical Settlement Companies

Companies Licensed

Lifetime Options, Inc., (Auth. 10/4/94)
Chevy Chase, MD.......... Feb. 9

Viaticus, Inc., (Auth. 10/4/94)
Dover, DE.......... June 2

Life Funding Corporation, (Auth. 10/4/94)
Atlanta, GA.......... Dec. 7

n. Retirement System

Amendment to Charter Filed

College Retirement Equities Fund,
New York, NY.......... Mar. 7

o. Health Maintenance Organizations

Companies Authorized

North Medical Community Health Plan,
Liverpool, NY.......... June 30

North American Healthcare, Inc.,
Amherst, NY.......... Oct. 4

Managed Healthcare Systems of New York, Inc.,
New York, NY.......... Oct. 14

MDLI Healthcare, Inc.,
Melville, NY.......... Nov. 1

Change of Name

"Mohawk Valley Physician's Health Plan, Inc." to
"MVP Health Plan, Inc.,"
Schenectady, NY.......... June 21

"Metlife Health Care of New York, Inc." to
"MetraHealth Care Plan of New York Inc.,"
Hauppauge, NY.......... Nov. 10

"Travelers Health Network of New York, Inc.," to
"MetraHealth Care Plan of Upstate New York, Inc.,"
Syracuse, NY.......... Nov. 10

"Patients' Choice" to "Healthsource,"
Syracuse, NY.......... Nov. 20

"Blue Care Plus" to "HMO Blue,"
Utica, NY.......... Dec. 29

p. Rating Organization

Organization Licensed

IRM Services Inc.,
Dover, DE.......... Oct. 10

4. Examination Reports Filed During 1995

Domestic Life Insurance Companies

Name of Company	As of	Date Filed
American International Life Assurance Company of New York	Dec. 31, 1992	May 24
Canada Life Insurance Company of New York	Dec. 31, 1993	Apr. 13
Columbian Mutual Life Insurance Company	Dec. 31, 1993	May 2
Farm Family Life Insurance Company	Dec. 31, 1993	May 2
First Fortis Life Insurance Company	Dec. 31, 1993	Sept. 14
First Home Life Financial Assurance Corporation	On Organization	Mar. 7
The Franklin United Life Insurance Company	Dec. 31, 1993	Apr. 13
IDS Life Insurance Company of New York	Dec. 31, 1992	Feb. 7
First Security Benefit Life Insurance and Annuity Company of New York	On Organization	July 28
Manhattan Life Insurance Company	Dec. 31, 1993	July 21
Preferred Life Insurance Company of New York	Dec. 31, 1992	Aug. 2
Sun Life Insurance and Annuity Company of New York	Dec. 31, 1993	Mar. 28
Washington National Life Insurance Company of New York	Dec. 31, 1993	May 2

Foreign Life Insurance Companies

John Hancock Mutual Life Insurance Company	Market Conduct	Nov. 20
Prudential Insurance of America	Agency Operations	Apr. 28
The Travelers Insurance Company	Market Conduct	Oct. 18

Domestic Accident and Health Insurance Companies

Ameritas Bankers Assurance Company	Dec. 31, 1993	Jan. 19
Fiduciary Insurance Company of America	Dec. 31, 1993	Jan. 13
Finger Lakes Long Term Care Insurance Company	Dec. 31, 1992	Feb. 15

Name of Company	As of	Date Filed
HIP Insurance Company of New York	Mar. 3, 1995	May 24
MetraHealth Insurance Company of New York	On Organization	Sept. 19
U.S. Health Insurance Company	Dec. 31, 1991	Mar. 29

Fraternal Benefit Societies

Association of Lithuanian Workers	Dec. 31, 1994	Nov. 21
Independent Order of Foresters	Dec. 31, 1993	June 8
Polish National Alliance of Brooklyn U.S.A.	Dec. 31, 1993	Feb. 7
The Workmen's Circle	Dec. 31, 1993	Apr. 3

Savings Banks (Life Insurance Departments)

Apple Bank for Savings	Dec. 31, 1993	Feb. 14
The Dime Savings Bank of Williamsburg	Dec. 31, 1994	Nov. 27
Lockport Savings Bank	Dec. 31, 1994	Nov. 27
Northside Savings Bank	Dec. 31, 1994	Nov. 2
Queens County Savings Bank	Dec. 31, 1993	Feb. 8
The Rochester Community Savings Bank	Dec. 31, 1994	Oct. 20
Roslyn Savings Bank	Dec. 31, 1993	Feb. 8

Domestic Property and Casualty Insurance Companies

American Credit Indemnity Company	Dec. 31, 1993	Oct. 24
American International Insurance Company	Dec. 31, 1991	Oct. 3
Atlanta International Insurance Company	Dec. 31, 1992	July 17
Atlantic Mutual Insurance Company	Dec. 31, 1989	Dec. 11
Atlantic Mutual Insurance Company	Dec. 31, 1993	Dec. 11
Atrium Insurance Corporation	On Organization	Nov. 2
Baltica-Skandinavia Reinsurance Company of America, Inc.	Dec. 31, 1992	Oct. 24
Caledonian Insurance Company of America	Dec. 31, 1991	July 3
Centennial Insurance Company	Dec. 31, 1989	Dec. 11
Centennial Insurance Company	Dec. 31, 1993	Dec. 11
Chenango Mutual Insurance Company	June 30, 1994	Mar. 8
Church Insurance Company	Dec. 31, 1993	June 7
Church Insurance Company	Inc. in Capital	Jan. 6
Church Insurance Company	Inc. in Capital	Jan. 6
Colonia Insurance Company	Dec. 31, 1992	May 17
Commercial Travelers Mutual Insurance Company	Dec. 31, 1993	Aug. 16

Name of Company	As of	Date Filed
Constitution Reinsurance Corporation	Dec. 31, 1991	July 12
Corpa Reinsurance Company	Dec. 31, 1991	July 31
Exchange Insurance Company	Dec. 31, 1992	Apr. 17
First Community Insurance Company	Inc. in Capital	May 23
GA Insurance Company of New York	Dec. 31, 1991	Oct. 4
GAN National Insurance Company	Dec. 31, 1993	Aug. 2
General Assurance Company	Dec. 31, 1991	Oct. 4
Greater New York Mutual Insurance Company	Dec. 31, 1994	Nov. 22
Insurance Company of Greater New York	Dec. 31, 1994	Nov. 22
Merchants Mutual Insurance Company	Dec. 31, 1992	Oct. 26
Merrion Insurance Company	Dec. 31, 1993	Sept. 18
Paladin Reinsurance Corporation	Dec. 31, 1992	July 26
PG Insurance Company of New York	Dec. 31, 1991	Oct. 4
Putnam Reinsurance Company	Dec. 31, 1993	Nov. 22
ReCor Insurance Company Inc.	Dec. 31, 1993	Sept. 29
TIG Insurance Company of New York	Dec. 31, 1993	Dec. 22
Transtate Insurance Company	Inc. in Capital	June 20
Transtate Insurance Company	Inc. in Capital	Oct. 30
Unione Italiana Reinsurance Company of America, Inc.	Dec. 31, 1993	July 10
Yasuda Fire & Marine Insurance Company of America	Dec. 31, 1993	Aug. 15

Alien Property and Casualty Insurance Companies (U.S. Branch)

Abeille Reassurances	Dec. 31, 1993	Apr. 17
The Tokio Marine and Fire Insurance Co. Ltd.	Dec. 31, 1992	Jan. 9

Reciprocal Insurer

Academic Health Professionals Insurance Association	Dec. 31, 1992	May 5

Assessment Co-operative Fire Insurance Companies

Broome County Co-operative Fire Insurance Company	Dec. 31, 1993	June 23
Claverack Cooperative Insurance Company	Dec. 31, 1994	Sept. 18

Name of Company	As of	Date Filed
Genesee Patrons Cooperative Insurance Company	Dec. 31, 1993	Apr. 18
Meredith Insurance Company	Dec. 31, 1994	June 23
Oswego County Mutual Insurance Company	Dec. 31, 1994	Oct. 13

Advance Premium Co-operative Fire Insurance Companies

Allegany Co-op Insurance Company	Dec. 31, 1993	Nov. 14
Community Mutual Insurance Company	Dec. 31, 1993	July 12
Dryden Mutual Insurance Company	Dec. 31, 1993	Oct. 13
Ontario-Yates Insurance Company	Dec. 31, 1993	June 1
Pioneer Insurance Company	Dec. 31, 1993	Oct. 18
Sterling Insurance Company	Dec. 31, 1992	Jan. 23

Domestic Title Insurance Companies

Security Title and Guaranty Company	Dec. 31, 1991	Mar. 14
Stewart Title Insurance Company	Nov. 13, 1995	June 5

Charitable Annuity Societies

Columbia University	Dec. 31, 1993	Apr. 3
Fellowship of Reconciliation	Dec. 31, 1993	May 10
Guideposts Associates, Inc.	Dec. 31, 1993	Apr. 18
Hofstra University	Dec. 31, 1993	May 26
Our Lady of Victory Homes of Charity	Dec. 31, 1993	May 2
Peale Center for Christian Living, a Church Corporation	Dec. 31, 1993	Apr. 18
The Rockefeller University	Dec. 31, 1993	Apr. 3

Health Maintenance Organizations

Aetna Health Plans of New York, Inc.	Dec. 31, 1991	Feb. 23
Health Services Medical Corporation of Central New York	Dec. 31, 1991	Mar. 7
Kaiser Foundation Health Plan of New York	Dec. 31, 1990	Apr. 20
Prudential Health Care Plan of New York, Inc.	Dec. 31, 1992	Dec. 6
U.S. Healthcare Inc.	Dec. 31, 1991	May 4
Wellcare of New York, Inc.	Dec. 31, 1993	July 25

Non-Profit Corporations

Name of Company	As of	Date Filed
CCLI Health Services Corporation	On Organization	Aug. 30
Dentcare Delivery Systems, Inc.	Dec. 31, 1992	Feb. 24
Empire Blue Cross and Blue Shield	Market Conduct	Sept. 11
Integrated Benefits Corporation	On Organization	Dec. 6
Southern Tier Dental Service Corporation	Mar. 31, 1995	Sept. 15

Underwriting Organizations

Associated Commercial Property Insurers	Nov. 30, 1993	Oct. 16
United States Aircraft Insurance Group	Nov. 30, 1993	Mar. 7
New York Mutual Underwriters	Dec. 31, 1992	Jan. 12
Aggregate Trust Fund	Dec. 31, 1993	May 12
State Insurance Fund	Dec. 31, 1993	Nov. 15

Rate Service Organizations

Associated Cooperative Inland Marine Conference	May 31, 1994	Apr. 5
New York Compensation Insurance Rating Board	Dec. 31, 1993	Nov. 15
Underwriters Rating Board	May 31, 1994	Apr. 5

Accredited Reinsurer

Underwriters at Lloyds, London	Dec. 31, 1993	May 24

5. Rehabilitation, Liquidation, Ancillary Receivership and Conservation Proceedings

The insurance entities under the Liquidation Bureau's jurisdiction during 1995 were as follows:

Rehabilitations

Continued:	Executive Life Insurance Company of New York Interamerica Reinsurance Company
Completed:	United Community Insurance Company; State of Domicile - New York

Liquidations

Commenced:	United Community Insurance Company
Continued:	American Consumer Insurance Company American Fidelity Fire Insurance Company Bakers Mutual Insurance Company of New York Carriers Casualty Company Citizens Casualty Company of New York Cosmopolitan Mutual Insurance Company Dominion Insurance Company of American Galaxy Insurance Company Heartland Group, Inc. (New York Insurance Exchange Syndicate) Horizon Insurance Company Ideal Mutual Insurance Company KCC New York Syndicate Corporation (New York Exchange Syndicate) Long Island Insurance Company Midland Insurance Company Midland Property and Casualty Insurance Company Nassau Insurance Company Nem Re Insurance Corporation Northumberland General Insurance Company (U.S. Branch) Pine Top Syndicate, Inc. (New York Insurance Exchange Syndicate) Professional Insurance Company of New York Realex Group, N.E. (New York Insurance Exchange Syndicate) Resources Insurance Company Summit Insurance Company of New York Union Indemnity Insurance Company of New York U.S. Risk, Inc. (New York Insurance Exchange Syndicate) Whiting National Insurance Company
Completed:	Shamrock Casualty Company

Ancillary Receiverships

Continued: American Druggists' Insurance Company
American Mutual Insurance Company of Boston
American Mutual Liability Insurance Company
Columbus Insurance Company
Covenant Mutual Insurance Company
Edison Insurance Company
Employers Casualty Company
Enterprise Insurance Company
Great Atlantic Insurance Company
Great Global Assurance Company
Imperial Insurance Company
Integrity Insurance Company
MCA Insurance Company
Millers National Insurance Company
Mission Insurance Company
Mission National Insurance Company
Mutual Fire, Marine and Inland Insurance Company
Oil and Gas Insurance Corporation
Proprietors Insurance Company
Security Casualty Company
Transit Casualty Company
Warwick Insurance Company
Western Employers Insurance Company
Yorktown Indemnity Company

Completed: Interstate Insurance Company

Conservations

Commenced: English and American Insurance Company, Ltd.; State of Domicile - U.K.
National Colonial Insurance Company; State of Domicile - Kansas

Continued: Andrew Weir Insurance Company, Ltd.
Bermuda Fire and Marine Insurance Company
Bryanston Insurance Company, Ltd.
Colonial Assurance Company, Ltd.
Dover Insurance Company, Ltd.
El Paso Insurance Company, Ltd.
Kingscroft Insurance Ltd.
Lime Street Insurance Company
Mentor Insurance Company, Ltd.
Mentor Insurance Company (UK), Ltd.
Municipal General Insurance, Ltd.
Mutual Reinsurance Company, Ltd.
National Employers Mutual General Insurance Association, Ltd.
Njord Insurance Company, Ltd.

Northumberland General Insurance Company - 41 Trust
Pacific and General Insurance Company
Pine Top Insurance Company, Ltd.
River Plate Reinsurance Company, Ltd.
Scan Re Insurance Company, Ltd.
Trinity Insurance Company, Ltd.
United International Insurance Company
Walbrook Insurance Company

Completed: Northeastern Fire Insurance Company of Pennsylvania

a. Insurance Companies

During 1995, three proceedings commenced while 75 insurance company proceedings continued and three proceedings were completed and closed. The 78 active insurance company proceedings were classified as follows:

2 Rehabilitation
28 Liquidation
24 Ancillary Receivership
24 Conservation

Of the 76 insurers not in rehabilitation, the status as to completion of the proceedings is as follows:

59 - Evaluation of claims by Liquidation
- Bureau not completed.
6 - Liquidator's Report, Audit and Petition filed - partial distribution made.
11 - Liquidation completed except for preparation and filing of Final Accounting and discharge of Liquidator.

As of December 31, 1995, assets, liabilities and current insolvency of the 78 active insurance company proceedings, taken as group, were as follows:

	(in 000s)
Invested assets	$ 2,260,366
Other Assets	706,264
Total Assets	2,966,630
Total Liabilities	8,498,523
Current Insolvency	$ 5,531,893

During 1995, cash payments from the New York State security funds on allowed claims of claimants totaled $64,578,000 for claims, $1,312,000 for return premiums, and $25,112,000 for expenses. Payments by other states' guaranty funds are excluded from these numbers.

During 1995, cash distributions to the New York State security funds from domestic estates totaled $29,169,000. Distributions to the New York State security funds from other states' guaranty funds totaled $42,811,000, for a combined total $71,980,000.

b. Fraternal Benefit Societies in Liquidation

As of December 31, 1995, there were 273 liquidation proceedings that had not yet been closed by filing of Final Accounts with the Supreme Court. Their status was as follows:

39 - Evaluation of claims by Liquidation Bureau not completed.
8 - Evaluation of claims by Liquidation Bureau completed. Liquidator's Report, Audit and Petition in preparation.
145 - Liquidation completed except for preparation and filing of Final Audit and Accounting.
81 - Final Audit and Accounting filed.

As of December 31, 1995, the remaining assets in the 273 liquidation proceedings totaled $1,586,588.

During 1995, claims totaling $7,633 were allowed and paid, and surplus assets of $215,864 were paid to former members of fraternal benefit societies.

c. Welfare and Pension Funds in Liquidation

As of December 31, 1995, there were six liquidation proceedings that had not yet been closed by filing of Final Accountings with the Supreme Court. Their status was as follows:

5 - Evaluation of claims by Liquidation Bureau completed. Liquidator's Report, Audit and Petition in preparation.
1 - Liquidation completed except for preparation and filing of Final Audit and Accounting.

As of December 31, 1995, the remaining assets of the six liquidation proceedings totaled $326,305. During 1995, no claims or surplus assets were paid to former members of welfare funds.

For more detail, see the full report, *Liquidation Bureau Proceedings as of 12/31/95.* Copies may be obtained through the Research Bureau at the Department's New York City Office. For earlier developments on rehabilitation, liquidation, ancillary receivership and conservation proceedings, see the *Annual Report of the Superintendent of Insurance to the New York Legislature* for prior years.

6. Insurance Department Receipts and Disbursements

Table 58
DEPARTMENTAL RECEIPTS FOR THE FISCAL YEAR ENDED MARCH 31, 1995

Taxes Collected Under the New York State Insurance Law:		
Taxes collected by reason of retaliation under Section 1112	$	1,137,803.38
Excess Line - Section 2118		13,162,314.43
Organization Tax - Section 180, Tax Law		58,603.61
Total taxes collected	$	14,358,721.42*
Fees Collected Under Section 1112 of the New York State Insurance Law:		
Filing Annual Statements and Certificates of Authority to Companies	$	274,775.53
Agents' Certificates of Authority		571,851.86
Admission Fees		9,030.00
Total	$	855,657.39
Licensing and Accreditation Fees:		
Agents' Licenses - Section 2103	$	2,907,636.94
Adjusters' Licenses - Section 2108		156,750.00
Brokers' Licenses - Section 2104 and 2105		1,244,453.50
Bail Bond Agents' Licenses - Section 6802		2,800.00
Insurance Consultants' Licenses - Section 2107		37,610.00
Reinsurance Intermediary Licenses - Section 2106		100,200.00
Special Risk Licenses - Section 6302		150,000.00
Accredited Reinsurers - Section 107(a)2		127,000.00
Limited License		3,520.00
Duplicate License Fees		13,410.00
Viatical Licenses		50,000.00
Continuing Education		38,750.00
Total	$	4,832,130.44
Assessments and Reimbursement of Departmental Expenses:		
Section 313 - Company Examinations	$	10,606,092.58
Section 332 - Assessment		66,945,095.00
Section 9104/9105 - Tax Distribution		111,402.58
Administrative Expense Security Funds		57,948.00
Total	$	77,720,538.16
Other Fees and Receipts:		
Regulation 68 - Health Services Arbitration Expenses	$	81,000.10
Regulation 68 - Processing Fee		5,600.00
Section 9107 - Certification & Filing Fees		133,179.50
Section 9108 - Fire Insurance Fee		8,080,715.49
Section 205 - Publications		745.25
Section 1212 - Summons and Complaints		106,005.25
Fines and Penalties		7,481,070.63
Arbitration Fees		524,120.00
FOIL Requests		85,919.28
Miscellaneous		25,121.72
Regulation 134		4,000.00
Motor Vehicle Law Enforcement Fee		12,141,474.70
Total	$	28,668,951.92
Total Departmental Receipts	$	126,435,999.33

* This amount is in addition to the $487,000,000 collected by the Department of Taxation and Finance under Article 33 of the Tax Law.

Table 59
INSURANCE TAX RECEIPTS*

(in millions)

Fiscal Year	Net
1990-91	445.0
1991-92	540.7
1992-93	563.5
1993-94	619.4
1994-95	487.0

* Collected by the Department of Taxation and Finance under Article 33 of the Tax Law
Source: State of New York, Annual Budget Message, 1995-1996

Table 60
DISBURSEMENTS FOR THE FISCAL YEAR ENDED
March 31, 1995
Paid in the First Instance from Appropriations

Chapter 050 - 1993-94	$ 3,132,004.99
Chapter 050 - 1994-95	$ 71,227,867.03
Personal Service	
Employee salaries	$ 43,470,225.39
Maintenance and Operation	
General office supplies	$ 574,576.36
Traveling expense	2,472,794.70
Rental equipment	54,634.96
Repair and maintenance of equipment	169,854.14
Real estate rental	4,665,175.88
Postage and shipping	519,517.53
Printing	223,563.25
Telephone and telegraph	598,594.47
Miscellaneous contractual services	3,026,385.93
OGS E.D.P. rental	25,586.41
Equipment	3,571,227.03
Employee fringe benefits	14,987,735.97
Total maintenance and operation	$ 30,889,646.63
Total disbursements from first instance appropriations for fiscal year ended 3/31/95	$ 74,359,872.02
Total Department receipts for fiscal year ended 3/31/95	$ 126,435,999.33
Excess of Department receipts over Department disbursements	$ 52,076,127.31

7. <u>Security Funds Income and Disbursements</u>

Table 61
PROPERTY/CASUALTY INSURANCE SECURITY FUND[a]
Income and Disbursements
April 1, 1995

	To and including 3/31/94	4/1/94 to 3/31/95	As of 4/1/95
Paid into the Fund	$ 540,286,873.27	$ (126,802.56)	$ 540,160,070.71
Interest income - net	391,732,182.14	4,755,646.06	396,487,828.20
Recoveries from companies in liquidation	183,626,064.09	38,224,722.66	221,850,786.75
General Fund Reimbursement	18,302,251.00	25,987,054.00	44,289,305.00
Total	$ 1,133,947,370.50	$ 68,840,620.16	$ 1,202,787,990.66
Less Disbursements:			
Administrative expenses	$ 760,555.52	$ 64,166.98	$ 824,722.50
Awards and expenses of companies in liquidation	862,202,888.75	72,039,618.64	934,242,507.39
Refunds and credits to companies	44,440,739.54	-0-	44,440,739.54
Transfers to other funds[b]	136,562,280.96	-0-	136,562,280.96
Total	$ 1,043,966,464.77	$ 72,103,785.62	$ 1,116,070,250.39
Total of Fund	$ 89,980,905.73	$ (3,263,165.46)	$ 86,717,740.27
Cash in bank and U.S. securities (at par)	$ 89,980,905.73		$ 86,717,740.27
Total of Fund	$ 89,980,905.73		$ 86,717,740.27

[a] Monies collected under Sections 7602 and 7603 of the Insurance Law

[b] State Purpose Fund - $47,562,280.96 + $87,000,000.00 per Chapter 55 of the Laws of 1982, + $2,000,000 transferred to the Public Motor Vehicle Liability Security Fund.

Table 62
PUBLIC MOTOR VEHICLE LIABILITY SECURITY FUND[a]
Income and Disbursements
April 1, 1995

	To and including 3/31/94	4/1/94 to 3/31/95	As of 4/1/95
Paid into the Fund	$ 52,337,563.60	$ 4,209,764.65	$ 56,547,328.25
Interest income - net	21,725,908.47	967,997.52	22,693,905.99
Recoveries from companies in liquidation	16,395,169.27	1,723,260.69	18,118,429.96
Transfers	2,000,000.00	-0-	2,000,000.00
Total	$ 92,458,641.34	$ 6,901,022.86	$ 99,359,664.20
Less disbursements:			
Administrative expenses	$ 353,420.80	$ 18,715.32	$ 372,136.12
Awards and expenses of companies in liquidation	65,262,841.63	2,974,203.11	68,237,044.74
Refunds to companies	13,471,307.02	-0-	13,471,307.02
Total	$ 79,087,569.45	$ 2,992,918.43	$ 82,080,487.88
Total of Fund	$ 13,371,071.89	$ 3,908,104.43	$ 17,279,176.32
Cash in bank and U. S. securities (at par)	$ 13,371,071.89		$ 17,279,176.32
Total of Fund	$ 13,371,071.89		$ 17,279,176.32

[a] Monies collected under Section 7601 of the Insurance Law from companies writing bonds and policies carrying coverages set forth in Section 370 of the Vehicle and Traffic Law.

Table 63
WORKERS' COMPENSATION SECURITY FUND[a]
Income and Disbursements
April 1, 1995

	To and including 3/31/94	4/1/94 to 3/31/95	As of 4/1/95
Paid into the Fund	$ 123,279,860.08	$ 3,304,629.72	$ 126,584,489.80
Interest income - net	109,296,341.97	1,537,533.22	110,833,875.19
Recoveries from companies in liquidation	36,984,322.99	8,449,179.61	45,433,502.60
Total	$ 269,560,525.04	$ 13,291,342.55	$ 282,851,867.59
Less disbursements:			
Administrative expenses	$ 664,376.81	$ 26,862.30	$ 691,239.11
Awards and expenses of companies in liquidation	149,220,843.44	14,307,478.52	163,528,321.96
Refunds to companies	27,380,833.32	-0-	27,380,833.32
Transfers	67,000,000.00	-0-	67,000,000.00
Total	$ 244,266,053.57	$ 14,334,340.82	$ 258,600,394.39
Total of Fund	$ 25,294,471.47	$ (1,042,998.27)	$ 24,251,473.20
Cash in bank and U.S. securities (at par)	$ 25,294,471.47		$ 24,251,473.20
Total of Fund	$ 25,294,471.47		$ 24,251,473.20

[a] On March 1, 1990, the Stock Workers' Compensation and Mutual Workers' Compensation Security Funds were consolidated into a single fund known as the Workers' Compensation Security Fund.

B. Department Staffing

Table 64
New York State Insurance Department
Number of Employees by Bureau
(as of 5/96)

Bureau	Examiners	Attorneys	Actuaries	Other Professionals	Investigators	Clerks	Total
New York City Office:							
Executive	1			9		7	17
Fin. Cond.-Life	107		13	4		10	134
Administration				4		11	15
Consumer Services	28					28	56
Frauds	6				28	5	39
OGC		21				10	31
Research				3		3	6
P&C (includes Cas. Act.)	109		16			23	148
Fin. Cond.-Prop	127		12			19	158
Systems	3			16		8	27
NYC Total	**381**	**21**	**41**	**36**	**28**	**124**	**631**
Albany Office:							
Executive				4		2	6
Life & Health (includes Act. Val.)	1	20	20	1		16	58
Administration	6			8		66	80
Consumer Services	31					13	44
OGC		3				2	5
Fin. Cond.-Prop.	14					1	15
Systems	4			20		15	39
Albany Total	**56**	**23**	**20**	**33**		**115**	**247**
Buffalo Office:							
Consumer Services	3						3
Buffalo Total	**3**						**3**
Department Total	**440**	**44**	**61**	**69**	**28**	**239**	**881**

C. NEW YORK STATE INSURANCE DEPARTMENT PUBLICATIONS* 1995

Annual Report of the Superintendent of Insurance to the Legislature

Statistical Tables from Annual Statements
Volume 1, Property/Casualty, Financial Guaranty, Mortgage Guaranty and Assessment Cooperative Companies
Volume 2, Life and A & H Companies, and Fraternal Benefit Societies
Volume 3, Title Companies, HMOs, Nonprofit Health Insurers, Charitable Annuity Societies and Retirement Systems/Pension Plans

Directory of Regulated Insurance Companies

Consumer's Guide for Standard Individual HMO and Point of Service Coverage

Consumers Shopping Guide on Automobile Insurance (Upstate and Downstate Editions)

Consumers Shopping Guide for Life Insurance

Consumers Shopping Guide for Homeowners and Tenants Insurance (Upstate and Downstate Editions)

Annual Ranking of Automobile Insurance Complaints

Annual Health Insurer Complaint Ranking (includes Commercial Health Insurers, Health Maintenance Organizations and Nonprofit Indemnity Health Insurers)

Insurance Policies Covering Long Term Care Services in New York State

The Bulletin (monthly newsletter)

Freedom of Information Law, List of Department Records

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* There is a fee of $3.50 for the List of Department Records. Copies of other listed publications are available free of charge to New York State residents (limit: one per resident).